PRELIMINARY ENGINEERING REPORT
FOR THE
CITY OF LAKEPORT
WATER SYSTEM IMPROVEMENTS PROJECT

APRIL 2012

PACE ENGINEERING
REDDING, CALIFORNIA

PACE ENGINEERING

April 12, 2012

523.29.100

Mr. Scott Harter, City Engineer
City of Lakeport
225 Park Street
Lakeport, CA 95453

We are pleased to present the report entitled:

PRELIMINARY ENGINEERING REPORT
FOR THE
CITY OF LAKEPORT
WATER SYSTEM IMPROVEMENTS PROJECT

This report contains the results of our investigation of the Lakeport water systems; including supply, treatment, storage, and distribution facilities. It includes recommendations for replacement and/or improvements of major facilities, project cost estimates, scheduling of the project, and financing options in order to meet current State and Federal Safe Drinking Water Act regulations.

PACE Engineering is very pleased to have participated in this project. We would like to thank City staff for their able assistance in its preparation and USDA Rural Development for their contribution toward a viable recommended project. We look forward to working with both agencies toward the successful completion of the project.

Sincerely,

Thomas W. Warnock
Principal Engineer

TWW
Enclosures
c: w/report: Mark Brannigan, City of Lakeport
Lorie Ann Adams, Adams Ashby Group
Bob Klousner, Environmental Planning Partners, Inc.
M:\Jobs\0523\0523.29 Water Project\PER\PER Cover Letter.doc

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PRELIMINARY ENGINEERING REPORT

FOR THE

CITY OF LAKEPORT

WATER SYSTEM IMPROVEMENTS PROJECT

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APRIL 2012

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PACE ENGINEERING
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ACRONYMS AND ABBREVIATIONS

ADD	Average day demand
AMR	Automatic meter reader
CDBG	Community Development Block Grant
CDPH	California Department of Public Health
CEQA	California Environmental Quality Act
City	City of Lakeport
COP	Certificate of Participation
County	Lake County
DOF	Department of Finance
ENR CCI	Engineering News Record – Construction Cost Index
GAC	Granular activated carbon
GPD	Gallons per day
GPM	Gallons per minute
HDR	HDR Engineering, Inc.
HP	Horsepower
MDD	Maximum day demand
MG	Million gallon
MGD	Million gallons per day
MHD	Maximum hour demand
MHI	Median household income
MWP	Master Water Plan
NEPA	National Environmental Policy Act
O&M	Operations and maintenance
PER	Preliminary Engineering Report
RTU	Remote terminal unit
RUE	Residential unit equivalent
RUS	Rural Utilities Service
SCADA	Supervisory Control and Data Acquisition
SDWSRF	Safe Drinking Water State Revolving Fund
SWTR	Surface Water Treatment Rule
USDA RD	United States Department of Agriculture – Rural Development
USGS	United States Geological Survey
VFD	Variable frequency drive
WTP	Water treatment plant

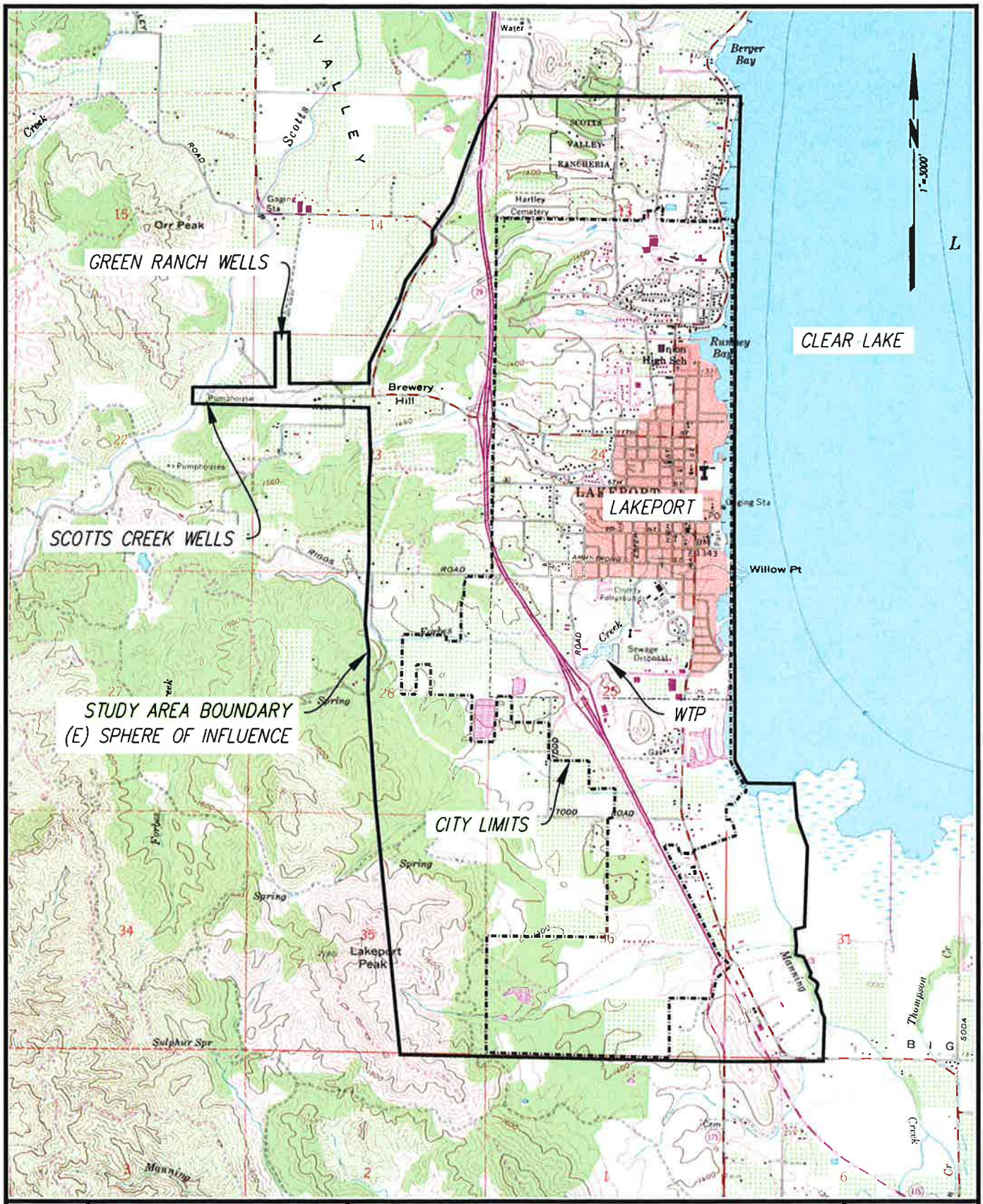
PRELIMINARY ENGINEERING REPORT
CITY OF LAKEPORT
WATER SYSTEM IMPROVEMENTS PROJECT
APRIL 2012

I. GENERAL

The City of Lakeport (City) was incorporated in 1888 and is located on the west shore of Clear Lake in Lake County, California. The City owns and operates the water treatment, storage, and distribution system. The City water system is supplied by two wells located on Scotts Creek, two wells located on Green Ranch, and Clear Lake. The study area boundary is shown in Figure 1 of this report.

According to the most recent California Department of Public Health (CDPH) Domestic Water Supply Permit issued December 29, 2011, the service area of the City has a population of approximately 5,200, consisting primarily of residential homes and commercial properties. Refer to Appendix A for a copy of the permit. Water obtained from Clear Lake is treated with acid addition, pre-ozonation, coagulant addition with rapid mixing, adsorption clarification, filtration, post-ozonation, filtration through GAC pressure filters, and post-disinfection with chlorine gas. Well water from Scotts Valley Aquifer is treated for corrosion control with caustic soda and then disinfected with chlorine gas. Water is stored in a 1.0 million gallon (MG) tank and a 1.5 MG storage tank.

The City updated its Master Water Plan (MWP) in 2008 (PACE, 2008). A number of immediate, near-term, and long-term improvements were recommended in the 2008 MWP in order to correct water supply, treatment, and distribution system deficiencies. The City contracted with PACE to prepare this Preliminary Engineering Report (PER), which recommends project specific water system improvements, most of which were discussed in the MWP, determines costs associated with those improvements, and develops funding alternatives. The format of this report follows Rural Utilities Service (RUS) Bulletin 1780-2.



DATE			
04/12	PACE ENGINEERING REDDING, CALIFORNIA	CITY OF LAKEPORT PRELIMINARY ENGINEERING REPORT STUDY AREA BOUNDARY	FIGURE 1 JOB #523.29

Plot Date: April 09, 2012 - 10:38 am Login Name: lmccollum
File Name: M:\Land Projects\0523.29 Lakeport Water PER\PLATE 1.dwg, Layout: FIG 1

II. PROJECT PLANNING AREA

A. Location:

The proposed project is located in and around the City of Lakeport in Lake County, California. Lakeport lies on the west bank of Clear Lake, approximately 42 miles north of Santa Rosa and 91 miles north of San Francisco. The project study area is shown on a United States Geological Survey (USGS) map in Figure 1. The area encompasses approximately 4,000 acres.

B. Environmental Resources Present:

The proposed project alternatives do not appear to have any lasting, significant impact on land resources, historic sites, wetlands, flood plain, endangered species, or critical habitat. The project design and construction will need to obtain the appropriate permits and take into account specific mitigation measures, so as not to impact natural or prehistoric resources. These requirements are discussed in detail in a later section of this report. The City has enlisted the services of Environmental Planning Partners, Inc., to prepare complete environmental documentation of the project. Preliminary analysis indicates that an Initial Study/Mitigated Negative Declaration will be necessary to meet CEQA requirements. In addition, NEPA-like requirements will be met, along with submission of RUS Environmental Bulletin 1974A-602.

C. Growth Areas and Population Trends:

The State Department of Finance (DOF) estimated the City's population increased from 4,820 in 2000, to 5,125 in 2006, within the City limits. This is a population increase of approximately 1.0% per year. In order to estimate the number of additional households that may connect to the system in the next 20 years, the growth rates used in the 2008 MWP were based on the minimum growth alternative of 1.1% per year as defined in the City of Lakeport General Plan. The City currently serves an estimated 2,731 residential unit equivalents (RUEs). A RUE is defined as the average water usage of a single-family household. Using this growth rate over the next 20-year period,

the estimated increase in the number of RUEs within the current City limits would be roughly 640 by year 2028.

Although population growth rate could be used to predict future water consumption, the population growth rate alone tends to neglect other factors that can affect water consumption and production. For example, increases or decreases in commercial and industrial water use and the current trend for higher-end residential development with higher landscaping irrigation needs also impact water demands. Therefore, water production rates per year and per RUE are used to normalize the data.

As indicated in the 2008 MWP, the number of metered water services in 1990 was estimated to be 2,040. In 2006, the number of services had increased to approximately 2,310, for an average annual growth rate of approximately 0.8% or about 17 services per year. According to the Draft Water Rate Study currently being developed by HDR Engineering, Inc. (HDR), the City currently has 2,265 billed service connections that are equivalent to approximately 2,731 RUEs. Refer to Appendix B for a copy of the Draft Water Rate Study.

Given the current interest in northern California real estate, one should anticipate the low growth rate to continue during the upcoming years as the economy recovers. The median household income (MHI) for the City was $32,226 as measured by the U.S. Census Bureau in 2000. This is only 68% of the State average non-metropolitan MHI of $47,493 in 2000. More recently, the MHI for the City was $34,340 as measured by the U.S. Census Bureau in 2010, which is only 60% of the State average MHI of $57,708 in 2010.

III. EXISTING FACILITIES

A. Location Map:

The project is located mainly in Sections 13, 23-26, and 36, Township 14 North, Range 10 West, Mount Diablo Base and Meridian, as shown on the Lakeport California USGS Map in Figure 1.

B. History:

The City of Lakeport was incorporated in 1888, and is located on the west shore of Clear Lake in Lake County, California. The distribution system was created in 1899, by the then Town of Lakeport, when it installed wells near Scotts Creek. In 1913, the City constructed a 340,000-gallon underground concrete storage tank on Brewery Hill and then a second 360,000-gallon underground storage tank in 1936. Both of these storage tanks have since been taken out of service.

In 1941, to supplement its water supply, the City entered into a lease agreement with the nearby Green Ranch, whereby the City would operate and maintain, as well as pay the power costs of the two wells in exchange for leasing the land they lie on. In 1976, the City constructed a 1 MG tank on Brewery Hill to supplement its storage capacity.

From 1899 to 1981, the City relied solely on wells for water supply, but in 1981 found it needed additional water supplies and built a 500-gallon per minute (GPM) surface water treatment plant to treat water from Clear Lake. The facility was constructed to provide water primarily during the peak summer month demands. The combined production capacity of the City's wells and the treatment facility was 1.78 MGD, which was equivalent to the City's maximum day demand (MDD). In 1989, CDPH issued Compliance Order No. 02-015, which determined the City lacked sufficient water supply and required the facility be expanded. In response to the order, the City entered into an agreement with Lake County, whereby the County provided a backup supply of water through an intertie located along Lakeshore Avenue. The intertie with the County allowed the City to postpone improvements to the water treatment facility.

The treatment plant was unable to operate from 1994 to 1995, because it did not meet the Surface Water Treatment Rule (SWTR) disinfection requirement for minimum chlorine contact time. In 1996, a new 136,000-gallon chlorine contact tank with baffling was constructed to increase the time the chlorine was in contact with the water, which in turn, increased the level of disinfection.

Photo 1: Water Treatment Plant

The City began significant improvements to the water treatment plant (WTP) in 1998 to increase its capacity to 1,040 GPM and water quality. The improvements included upgrading the K Street Booster Pump Station, replacing the ozone system, adding a new filtration system, and installing additional activated carbon columns. The improvements were completed in 2000. In 1998, the City also built a second tank on Brewery Hill with a capacity of 1.5 MG.

C. Condition of Facilities:

The existing water source, treatment, storage, and distribution system are summarized in Table 1.

TABLE 1
City of Lakeport
Water System Improvements Project
Existing Water Production, Treatment, Storage, & Distribution Facilities

Current Account Status	**No.**	
Active Accounts	2,265	
RUEs	2,731	
Potable Water Source	**Date Constructed**	**Capacity**
Water Treatment Plant	1998	1,200 GPM (1), 600 GPM firm (2)
Scotts Creek North Well	1970	100-400 GPM (3)
Scotts Creek South Well	1971	700-900 GPM (3)
Green Ranch East Well	1959	100-400 GPM (3)
Green Ranch West Well	1966	100-450 GPM (3)
County Intertie on Lakeshore	1991	95 GPM
County Intertie on Hartley	2010	500 GPM
Disinfection Facilities		Chlorine Gas
Filtration Facilities	1998	Two tri-media, parallel gravity filters Four GAC pressure filter trains
Storage Reservoirs		**Storage**
Welded Steel Tank	1976	1.0 MG
Welded Steel Tank	1999	1.5 MG
Distribution System		
Pipe Diameter/Type	Length	Location
4" or smaller CI, AC, DI, GS	56,700'±	Distribution
6-14" CI, AC, DI, GS	144,300'±	Distribution
		Number
Fire Hydrants		256

NOTES:
(1) Maximum raw water pumping capacity.
(2) Maximum filter flow rate given a max surface loading rate of 5 GPM/SF and one filter train off-line.
(3) Production depends on groundwater levels and operator settings.

CI = cast iron
AC = asbestos concrete
DI = ductile iron
GS = galvanized steel

Water Source**:** The City takes water from two sources: Clear Lake and Scotts Valley Aquifer, both of which are located in the same watershed. The 2004 City of Lakeport Municipal Services Review reported there are no records showing the City applied for historical water rights until September 1995. On that date, the City entered into an agreement with Yolo County Flood Control and Water Conservation District, whereby both parties agreed the City's historical water rights were 750 acre-feet (ac-ft) per year. Under the agreement, the 750 ac-ft of water is to be taken from wells that draw water from the Scotts Valley Aquifer. The agreement also allows the City to purchase 2,000 ac-ft of water from Yolo County Flood Control and Water Conservation District to be drawn from either Clear Lake or Scotts Valley Aquifer. The agreement is valid until January 1, 2030, with an automatic 10-year extension, unless either party elects to terminate the agreement. The agreement states that "in the event there is a shortage of water available from Clear Lake, municipal water use around Clear Lake shall have priority over other uses."

In March 1991, the City entered into a 2-year agreement to purchase water from Lake County to meet a CDPH Compliance order that they increase their available water supplies. A combination pressure reducing/pressure sustaining valve was installed on Lakeshore Boulevard to allow for the transfer of water from Lake County Service Area No. 21. The maximum flow through the valve is 85 to 95 GPM.

From 1992 to 1998, the County intertie provided a significant source of water to the City; however, since the WTP was upgraded, the City has ceased to draw significant volumes of water through the intertie. The County intertie is still connected and can supply water in case of emergency water shortages or to provide additional fire flow to the localized north Lakeport area.

The City recently completed construction of an additional intertie with the County on Hartley Road. The 10-inch intertie improved fire flows to Clear Lake High School and Terrace School, and provides an additional source of approximately 350 to 500 GPM to the system during emergency water demands.

The City's water supply is derived from the WTP and from the four municipal wells. Firm production capacity is a measure of the system's ability to produce water with the largest continual water producer being out of service. The largest producer in the City's system is the WTP with a total capacity of between 600 and 1,200 GPM. The capacity is contingent on whether one or two of the filter trains are operating. With both filters in operation, the plant can produce about 1,200 GPM. However, when looking at firm capacity of the WTP, it is normal to consider the plant can continuously operate with only one filter due to operational filter shutdown, such as during backwash of the filters and maintenance. Therefore, for this report it was assumed that the treatment plant has a firm capacity of around 600 GPM and that the 8-inch Scotts Creek Well, which has a production capacity of between 700 to 900 GPM, was considered as the largest water producer in the system. As indicated in the 2008 MWP, if the 8-inch Scotts Creek Well were out of service during the summer months, the two Green Ranch Wells, the 4-inch Scotts Creek Well, and the WTP would have an estimated firm production capacity of 1,540 GPM or 2.2 MGD. This water supply is adequate given the anticipated growth rates previously discussed. Should any significant development occur in the future the water supply may need to be re-evaluated.

Treatment: The WTP treats water by pumping it from the lake, adding acid, pre-ozonating, filtering through a Robert Pacer II system modified with upflow boyant media clarification, post-ozonating, passing it through a granular activated carbon filter, and finally disinfecting it with chlorine. The WTP is a complex system as it needs to treat water that is heavily laden with algae from Clear Lake. The current plant capacity and operating conditions are adequate for existing and anticipated near-term growth. The WTP design criteria can be found in Appendix C.

The treatment facility includes a Supervisory Control and Data Acquisition (SCADA) programmable logic controller programmed to control operations of the facility, and record data throughout the facility. Unfortunately, the SCADA program is complicated. During the initial installation of the software, there was an attempt to control too many of the facility's systems and consequently the computer controls are bulky and unmanageable. Currently, the high turbidity alarm disables the WTP for an extended period of time (12 days), whereupon it resets itself. The SCADA system fails to inform

plant operators as to the source of the error. Operators must then hunt for the problem or problems. The communication and equipment failures cannot be easily resolved as the manufacturer no longer supports the antiquated equipment. Additionally, the SCADA system was engineered and procured over 12 years ago and lacks the ability to incorporate new processes for monitoring, control, and remote alarming. As such, the existing SCADA system and telemetry system needs to be replaced to allow for non-stop, trouble free operations with proper program documentation to allow for future improvements.

Photo 2: K Street Booster Pump Station

Clear Lake Water Intake and Pumps: The raw water intake was constructed in 1981 to supply water to the then new water treatment facility. The 14-inch ductile iron pipe originates at the wet well, located at the K Street Booster Pump Station, and extends 2,200 feet into Clear Lake. The intake rests on the bottom of the lake and rises towards the lake surface where it is marked by a buoy to warn boaters. With both pumps in operation the maximum flow rate through the 10-inch main to the WTP is 1,400 GPM. The firm pumping capacity (assuming one pump is out of service) of the K Street Pump Station is 900 GPM. There is room in the K Street wet well to install a third pump to increase the firm pumping capacity to 1,400 GPM.

Lead and Copper Contamination: Drinking water samples taken in 2005 indicated copper concentrations in the distribution system have exceeded the action level of 1.3 mg/L. Samples taken in 2010 and 2011 were below the action level; however, an investigation pointed out that groundwater pH is relatively low, which will cause increased corrosion of the distribution system and subsequent increase in copper and lead concentrations. As such, well water is treated to increase pH with sodium hydroxide.

NSF International is at the forefront of the low-lead plumbing products issue, having actively worked with the State of California and other key states for over fifteen years, through the ongoing development of NSF/ANSI Standard 61 (NSF 61). The standard has played a key role in CA Proposition 65 lead settlements and is now the American National Standard for lead content in plumbing products.

Most recently, NSF developed the evaluation procedures in NSF/ANSI Standard 372 (NSF 372) to establish an American National Standard to determine product compliance with the ≤0.25% maximum weighted average lead content requirement. NSF/ANSI Standard 61, Annex G (NSF 61-G) references NSF 372. Certification NSF 61-G or NSF 372 meet the requirements of the California Health and Safety Code (Section 116875; commonly known as AB 1953) as well as for other states developing similar regulations. This also meets the new low lead requirements of the U.S. Safe Drinking Water Act, which will go into effect January 2014.

The City desires to take a proactive stance on the new low lead requirements by replacing water meters that do not meet regulated low lead concentrations. It is recommended during this replacement the City install automatic meter readers (AMRs) as a cost efficient way to record monthly water meter data. The AMR is a technology that automatically replaces manual meter reading data collection. The advantages of AMRs include a reduction in labor needed for meter reading, more precise meter readings and billing, and improved detection of water service leaks.

Storage: Adequate water storage facilities in a water system are important for a number of reasons. It may be necessary to replace a pumped supply with stored water in the case of a power outage or broken pipeline. Also, it is usually more economical to rely on water from storage rather than pumped water to furnish fire flows and peak demand flows in excess of the average flow used during MDD. The City of Lakeport currently has two active reservoirs as described in Table 1. The City's total current storage capacity is 2.5 MG, which meets the existing storage requirement of 2.38 MG. The required storage volume is determined by the amount of storage needed to supply fire flows and to supply the system for six hours during emergencies. California Waterworks Standard Section 64554(a)(1) requires for systems with 1,000 or more

service connections, the system shall be able to meet four hours of peak hourly demand with source capacity, storage capacity, and/or emergency source connections. Given a 20-year growth rate of 1.1%, the future required storage capacity is anticipated to be about 2.5 MG; therefore, the City's current storage capacity is sufficient.

According to the 2008 MWP, City staff report the existing 1.0 MG reservoir was inspected approximately six years ago by a certified tank diver. The inspection found some tubercles on the inside paint surfaces of the tank at the bottom; however, these corrosion tubercles were deemed to be insignificant. Overall the tank appeared to be in good condition at the time of this inspection.

The interior and exterior of the 1.5 MG reservoir was recently inspected by CDPH who found the paint coating to be failing and in need of repair. The City intends to have the tank professionally evaluated this year and re-coated next year.

Distribution System: According to the 2008 MWP, review of the water distribution system suggests there is a significant amount of unlined cast iron and galvanized steel pipe in the system, some of which may be over 100 years old, with much of this old pipe being undersized (i.e., less than 4 inches). Although City staff has noted several water main repairs within the City's distribution system, staff report that most of the system mains are generally in good condition. However, it is recommended when the City determines an older main needs to be replaced, the replacement pipeline be a minimum 8-inch diameter pipe in order to improve hydraulic efficiency in the system.

Considerable attention was given in the 2008 MWP to determine the water distribution system's ability to meet recommended fire flow requirements. These fire flow requirements were obtained from the Lakeport Fire Protection District, pursuant to the Uniform Fire Code. The hydraulic model indicated the City may not be able to meet the Fire Department's fire flow requirements in large portions of the existing commercial areas along Main Street during heavy demand periods. This is primarily due to the large amount of undersized (i.e., less than 4-inch) water mains within the City's distribution system. Therefore, in order to improve fire flows the City desires to extend

and loop existing 14-inch water mains on Parallel Drive and South Main Street just south of the current City limits if this area can be annexed from the County to the City.

Historical water usage for distribution systems are typically evaluated based on water consumed, water produced, and unaccounted for water (i.e., the difference between consumed water and produced water). According to the 2008 MWP, comparing July 2006 water service records (i.e., consumption) with water production records (well pumping and treatment plant flow records), the estimated unaccounted for water was determined to be about 12%. This is considered a reasonable amount, given the size and age of the City's distribution system.

D. Financial Status of Any Existing Facilities:

Annual Budget: Copies of previous and present operating budgets, including O&M costs are contained in Appendix D. Refer to Appendix E for the most recent audited financial report.

The City is currently paying on two existing loans. Refer to Appendix E for the details of the indebtedness. The Year 2010 payment, balance owed as of June 2011, and term for each of the City's long-term debts are shown in Table 2 below:

TABLE 2
City of Lakeport
Water System Improvements Project
Existing Debt

Description	Year 2010 Payment	Balance Owed as of June 2011	Term (Yr)
2002 Refunding Loan of 1993 Water Revenue Bond – West America Bank	$82,000	$450,060	2017
Series 2000 Water Revenue Bond – USDA RD	$105,000	$2,648,000	2039
Totals:	$187,000	$3,098,060	

According to the most recent financial report, the Year 2011 operating expenses for the City's water system was $1,412,891, which included the $187,000 debt service for outstanding debts. Not including the debt service payments, the average monthly operating cost for 2011 was about $102,000.

Rate Schedule: The City's current rate schedule was adopted by the City Council effective July 1, 2010. Water service customers are billed monthly for water consumed. The base monthly rate is $17.45 for single-family residential dwellings with ¾-inch water meters. According to the Draft Water and Sewer Rate Study completed by HDR, given this base rate the average monthly charge per RUE is currently $28.25 assuming an average water usage of 900 cubic feet. Refer to Appendix B for the Draft Rate Study. Details of the recommended future rates are also included in the Draft Rate Study.

IV. NEED FOR PROJECT

A. Health, Sanitation, and Security:

Source Capacity: Lakeport's water sources are from four wells (two Scotts Creek wells and two Green Ranch wells) and the WTP. The four City wells pump water from Scotts Valley Aquifer and have a combined maximum pumping capacity of roughly 2.8 MGD. The two wells in Scotts Creek are the primary sources of supply during the months of May through October, while the wells at Green Ranch are the primary sources of supply during the winter months. Of biggest concern to the City was the loss of the Green Ranch Wells due to the City's lease expiring by 2014. The loss of these two wells would have reduced the City's pumping capacity by approximately 50%. Therefore the City recently purchased these two wells in order to continue to provide enough water to residents, especially during the winter months.

SCADA: The WTP has a maximum capacity of 1.7 MGD and is used year round to supplement the City's well supply. The SCADA programming and telemetry communication system is complicated and demands considerable attention by City operators. During the initial installation of the software there was an attempt to control too many of the facilities systems and as such it is difficult to troubleshoot and repair. Additionally, the system was engineered and procured over 12 years ago and lacks the ability to incorporate new processes for monitoring, control, and remote alarming. It is recommended the SCADA system be replaced in order for City operators to be able to reliably and efficiently control, maintain, and service the water treatment, storage, and distribution system safely for City residents. These computer programming issues were

noted as an area of concern in the most recent CDPH inspection report as well, which can be found in Appendix A.

Distribution System: The hydraulic model utilized for the 2008 MWP indicated the City cannot meet fire flow requirements based on the Uniform Fire Code in portions of the commercial areas of the City during heavy demand periods. This is primarily due to the large amount of undersized water mains within the City's distribution system. To improve fire flows and the reliability of the distribution system, it is recommended the City extend and loop existing 14-inch water mains on Parallel Drive and South Main Street.

Copper Contamination: Drinking water samples indicate copper concentrations in the distribution system have exceeded the action level of 1.3 mg/L in 2005. Samples taken in 2010 and 2011 were below the action level; however, an investigation pointed out that groundwater pH is relatively low, which will cause increased corrosion of the distribution system and subsequent increase in copper and lead concentrations.

Pursuant to NSF 61, CA Proposition 65, NSF 372, and AB 1953, the City desires to take a proactive stance by replacing approximately 2,291 water meters that do not meet regulated low lead concentrations. It is recommended all of these existing manual-read water service meters be replaced with new AMR meters as a cost efficient way to record monthly water meter data, have more precise meter readings and billing, and improve detection of water service leaks.

B. System O&M:

Water Production: The City's water supply is derived from the WTP and four municipal wells. Firm production capacity is a measure of the system's ability to produce water with the largest continual water producer being out of service. The largest producer in the City's system is the WTP with a total capacity of between 600 and 1,200 GPM. The capacity of the WTP is contingent on whether one or two of the filter trains are operating. With both filters in operation, the plant can produce about 1,200 GPM. However, when looking at firm capacity of the WTP one should consider the plant can continuously operate with only one filter due to operational filter shutdown, such as

during backwash of the filters and maintenance. Therefore, for this report it was assumed that the treatment plant has a firm capacity of around 600 GPM and that the 8-inch Scotts Creek Well, which has a production capacity of between 700 to 900 GPM, was considered as the largest water producer in the system. As indicated in the 2008 MWP, if the 8-inch Scotts Creek Well was out of service during the summer months, the two Green Ranch Wells, the 4-inch Scotts Creek Well, and the water treatment facility would have a estimated firm production capacity of 1,540 GPM or 2.2 MGD.

The majority of the City's water production comes from four wells drawing water from Scotts Valley Aquifer. The City currently owns two wells in Scotts Creek, which are sometimes referred to as the 'City Wells', and also leases two wells from Green Ranch. The water from the wells is treated with caustic soda for corrosion control and is pumped to the City's storage tanks where it is chlorinated before going out to the distribution system.

The City currently owns two wells located in Scotts Creek; the 4-inch and 8-inch wells. Both well heads and some of the well discharge piping are located within the existing creek bed and are exposed to creek flows and vandals.

Photo 3: Scotts Creek Well

Because of their location, CDPH has set limitations regarding the use of the Scotts Creek Wells. CDPH prohibits the operation of these wells when there is standing water within 150 feet of the wells, or if the well water turbidities exceed 0.5 NTU. These provisions limit the use of the Scotts Creek Wells to the late spring, summer, and early fall months prior to significant rains causing the creek to flow.

The 4-inch Scotts Creek Well has a 25-Hp submersible well pump and was constructed in 1970. The well produces between 100 to 400 GPM, depending on groundwater levels and operator settings. It has been reported by City staff this well has gone dry in the past and is turned off during the late summer if the groundwater table drops below the well's screens which are estimated to be at 30 feet below ground surface.

The 8-inch Scotts Creek South Well has a 60-Hp submersible well pump and was constructed in 1971. It produces from 700 to 900 GPM depending on the groundwater level and operator settings. The well appears to be highly productive and there is no record of this well going dry due to low groundwater levels.

The City currently operates two wells on land recently purchased from Green Ranch. These wells can be operated at any time of the year; however, they have a lower pumping capacity than the Scotts Creek Wells. Both of the Green Ranch Wells are equipped with variable frequency drives (VFDs), which allow the City to throttle back the pumping rate of these wells as groundwater levels mandate. The East Well head is located in a poorly constructed wooden structure, and the West Well head and discharge piping is located out in the open. The Green Ranch Well site has poor security and is susceptible to vandals.

The Green Ranch East Well has a 25-Hp submersible well pump and was constructed in 1959. It produces between 100 to 400 GPM depending on the City's reservoir levels, groundwater drawdown, and operator settings. This well has been known to go dry in the late summer months at which time it is turned off by City operators.

The Green Ranch West Well has a 30-Hp submersible well pump and was constructed in 1966. It produces from 100 to 450 GPM, depending on tank levels, groundwater level, and operator settings. Historically, as the summer progresses, this well produces less water due to decreasing groundwater levels.

The City's contract with Green Ranch for use of the two wells was set to expire in the year 2014. The loss of these wells would have reduced the City's available supply capacity by as much as 850 GPM and would have limited the City's capacity to draw

their maximum allotment of water (i.e. 750 ac-ft) from the Scotts Valley Aquifer. As such, the City purchased a portion of the property on which the two wells are currently situated.

Historical water usage for distribution systems are typically evaluated based on water consumed, water produced, and unaccounted for water (i.e., the difference between consumed water and produced water). Per the 2008 MWP, comparing July 2006 water service records (i.e., consumption) with water production records (well pumping and treatment plant flow records), the estimated unaccounted for water was determined to be about 12%. This is considered a reasonable amount, given the size and age of the City's distribution system.

Table 3 is a summary of the monthly production records for the past five years as recorded by the City. The five-year average day demand (ADD) is calculated at 772,300 gallons per day (GPD) (536 GPM). The MDD for the last five years is approximately 1,560,000 GPD (1,083 GPM), occurring July 2007. The data reveals the ADD and MDD are approximately 35% and 70% of the existing firm water system production capacity of 1,540 GPM. Production records for the last five years are consistent with design criteria utilized in the 2008 MWP as shown in Table 5 herein.

TABLE 3
City of Lakeport
Water System Improvements Project
Water Production Totals

Month	Production					Design Ratios	
	Total			Max Day Demand (MDD)			
	Gallons	GPD	GPM	GPD	GPM	MDD/ADD	MMD/ADD
Jan-2007	19,529,000	629,968	437	696,000	483		
February	15,597,000	557,036	387	725,000	503		
March	18,801,000	606,484	421	871,000	605		
April	21,397,000	713,233	495	828,000	575		
May	29,418,000	948,968	659	1,107,000	769		
June	36,534,000	1,217,800	846	1,396,000	969		
July	39,745,000	1,282,097	890	1,560,000	1083	1.9	1.6
August	38,446,000	1,240,194	861	1,379,000	958		
September	30,284,000	1,009,467	701	1,457,000	1012		
October	22,330,000	720,323	500	962,000	668		
November	17,709,000	590,300	410	742,000	515		
December	16,416,000	529,548	368	703,000	488		
January-2008	15,912,000	513,290	356	623,000	433		
February	14,992,000	535,429	372	669,000	465		
March	17,183,000	554,290	385	721,000	501		
April	21,745,000	724,833	503	1,026,000	713		
May	29,875,000	963,710	669	1,216,000	844		
June	33,900,000	1,130,000	785	1,252,000	869		
July	35,972,000	1,160,387	806	1,347,000	935	1.7	
August	37,363,000	1,205,258	837	1,322,000	918		1.5
September	31,774,000	1,059,133	736	1,269,000	881		
October	24,752,000	798,452	554	909,000	631		
November	17,766,000	592,200	411	643,000	447		
December	16,852,000	543,613	378	596,000	414		
January-2009	15,810,000	510,000	354	519,000	360		
February	14,019,000	500,679	348	511,000	355		
March	16,039,000	517,387	359	585,000	406		
April	20,252,000	675,067	469	1,002,000	696		
May	25,674,000	828,194	575	1,045,000	726		
June	30,914,000	1,030,467	716	1,292,000	897		
July	37,951,000	1,224,226	850	1,369,000	951	1.8	1.6
August	36,917,000	1,190,871	827	1,315,000	913		
September	31,733,000	1,057,767	735	1,249,000	867		
October	22,741,000	733,581	509	882,000	613		
November	16,190,000	539,667	375	963,000	669		
December	16,140,000	520,645	362	644,000	447		
January-2010	15,794,000	509,484	354	573,000	398		
February	13,940,000	497,857	346	505,000	351		
March	15,920,000	513,548	357	528,000	367		
April	15,717,000	523,900	364	523,000	363		
May	19,304,000	622,710	432	866,000	601		
June	28,107,000	936,900	651	1,154,000	801		
July	36,243,000	1,169,129	812	1,343,000	933	1.9	1.6
August	36,108,000	1,164,774	809	1,277,000	887		

TABLE 3 City of Lakeport Water System Improvements Project Water Production Totals							
	Production					Design Ratios	
	Total			Max Day Demand (MDD)			
Month	Gallons	GPD	GPM	GPD	GPM	MDD/ADD	MMD/ADD
September	30,667,000	1,022,233	710	1,155,000	802		
October	23,909,000	771,258	536	1,015,000	705		
November	15,268,000	508,933	353	619,000	430		
December	14,970,000	482,903	335	628,000	436		
January-2011	14,913,000	481,065	334	556,000	386		
February	13,325,000	475,893	330	474,000	329		
March	14,925,000	481,452	334	628,000	436		
April	15,572,000	519,067	360	601,000	417		
May	21,270,000	686,129	476	882,000	613		
June	24,527,000	817,567	568	1,184,000	822		
July	35,186,000	1,135,032	788	1,555,000	1080	2.2	1.6
August	34,673,000	1,118,484	777	1,345,000	934		
September	31,040,000	1,034,667	719	1,267,000	880		
October	20,552,000	662,968	460	843,000	585		
November	16,318,000	543,933	378	709,000	492		
December	15,596,000	503,097	349	550,000	382		
5 Year Avg	**23,541,933**	**772,292**	**536**	**936,250**	**650**	**1.9**	**1.6**

Storage: It is usually more economical and reliable to provide stored water for the supply needed for fire demands, peak demands in excess of the MDD, and in the event of a short loss of the usual source of water supply. The required storage in a typical water system is usually considered a function of three quantities as follows:

1) Equalizing storage is the amount of water needed over and above the MDD rate to satisfy peak demands of the day. This is often found to be between 15 and 20% of the MDD and has been assumed to be 20% for design purposes herein.

2) Fire storage is usually based on the theoretical amount that could be used to combat a major fire in the high value districts. The City of Lakeport currently has a fire flow requirement of 8,000 GPM demand for four hours at the courthouse. This corresponds to a storage volume of about 1.92 MG.

3) Emergency storage is the amount of water necessary to continue service in the event of power failure or some other failure of the supply system. This is often found to be between 20 and 25% of the MDD and has been assumed to be 25% for design purposes herein.

The largest two of the three quantities are used to determine the required future storage capacity; which, for the City of Lakeport is based upon the fire storage and emergency storage. The system's existing storage requirement is 2.38 MG. Currently, the City has 2.5 MG of storage.

The 1.0 MG Reservoir is a 74-foot diameter, 33-foot tall circular welded steel aboveground tank. The reservoir was constructed in 1976, and is located off Riggs Road on Brewery Hill.

Completed in 2000, the 1.5 MG Reservoir is a welded steel aboveground tank located next to the 1.0 MG Reservoir. The tank is 36 feet high with a diameter of 85 feet.

Both reservoirs are filled by the Scotts Valley and Green Ranch Wells, as well as the WTP. The wells are normally turned on by the reservoir levels through the City's radio telemetry/SCADA system.

Chlorine is added to the water that is pumped from the City's wells just before it enters the storage tanks. CDPH requires the City maintain chlorine residual in the distribution system due to the addition of treated water from the lake. The chlorine dosage concentration is continuously measured prior to going into the 1 MG tank. The dosage concentration is manually controlled and can range from 0.9 mg/L to 2.0 mg/L. If the chlorine level falls outside this range, the SCADA control system sounds an alarm and disables the well pumps.

Given the growth rate used for this report, the required storage capacity in 20 years is anticipated to be about 2.5 MG and it is estimated that the City's current storage capacity is sufficient for the estimated 1.1% growth over the next 20 years. In addition, the City has an intertie with the County on Lakeshore Boulevard as a form of emergency storage. It is reported that the connection can deliver approximately

100,000 gallons of water per day or more to the system. Therefore, with the existing intertie, the City has an effective storage capacity of about 2.6 MG, which provides a factor of safety to the City's storage system.

Distribution: According to the 2008 MWP, the City's water distribution system is made of approximately 201,000 linear feet (38.0 miles) of piping, ranging from 1-inch to 14 inches in diameter piping. The piping primarily consists of cast iron, asbestos cement, galvanized steel, and ductile iron. Some of the older cast iron water mains in the system may date back to the 1890s. In addition, some of these older cast iron pipes were improperly installed compared to today's standard construction practices, which may have contributed to the deterioration of these pipes.

Approximately 28% (i.e., 56,700 feet) of the distribution piping is of substandard size (4-inch or smaller). This piping is not large enough to convey enough water to provide adequate fire flows pursuant to the Uniform Fire Code. For example, the City's fire department recommends 8,000 GPM fire flow to the County courthouse located in the City's commercial area, and 4,000 GPM fire flow to the other commercial areas of the City, such as the historical downtown area.

CDPH enforces the following pressure requirements of a distribution system under Section 64602 of Title 22 California Code of Regulations, more commonly known as the "Blue Book:"

> *(a) Each distribution system shall be operated in a manner to assure that the minimum operating pressure in the water main at the user service line connection throughout the distribution system is not less than 20 pounds per square inch at all times.*

There are portions of the City that cannot maintain 20 PSI pressure during average day demand, plus design fire flow. This is likely due to undersized pipes in the distribution system.

To evaluate the distribution system, PACE prepared a computer program (MWHSoft's H2ONet) that modeled the entire distribution system as part of the 2008 MWP. All 2-inch and larger pipelines were included in the model. The model contained

approximately 500 pipelines and flow demands were assigned to approximately 300 nodes. The existing distribution system was simulated under a flow condition experienced in July 2006, to determine if there were any apparent weaknesses in the distribution system, such as low pressures. Analysis of output pressures, flows, and head loss in pipelines provided the information needed to identify desirable pipeline upgrades and other system improvements. The distribution system model was analyzed under 2006 summer demands and the results were compared to the City's historical SCADA tank, well, and WTP records for the same time period. Field fire flow tests were compared to fire flow model results. Based on this comparison, adjustments were made to the hydraulic model to better reflect the actual distribution system flows and pressures.

Based on the hydraulic model, the primary weakness of the City's current distribution system was found to be inadequate fire flow capacity in certain areas, primarily due to the large number of undersized (4-inch and less) water mains within the distribution system. Fire flow requirements vary throughout the City depending on building use and type of construction. Fire flow requirements used to evaluate the adequacy of the distribution system were obtained from the Lakeport Fire District and are based on the Uniform Fire Code. These flows were coincident with a consumers' demand rate equivalent to the maximum hour demand (MHD) which is the major criteria of importance for fire flow in evaluation of a water system. In all cases, the effective capacity of the system was used by having all well pumps and the treatment plant running, as would occur during heavy demands, except the largest production well (i.e., the 8-inch Scotts Creek Well) was not operating in order to simulate effective capacity of the system. As previously indicated, large portions of existing commercial areas along Main Street are unable to meet fire flow requirements during heavy demand periods. Water transportation from the wells and WTP to southern portions of the City is poor as a result. Therefore, the City desires to extend and loop existing 14-inch water mains on Parallel Drive and South Main Street.

C. Growth:

According to the most recent CDPH Domestic Water Supply Permit issued December 29, 2011, the City has an estimated population of 5,200 and consists primarily of residential homes and commercial properties. According to the Draft Water Rate Study currently being developed by HDR, the City currently has 2,265 water service connections located within the service area boundary. This equates to approximately 2,731 RUEs. Between 1990 and 2006, the number of services increased by approximately 0.8% per year. Given the current interest in northern California real estate, one should anticipate a low growth rate during the upcoming years while the economy continues to recover.

V. ALTERNATIVES CONSIDERED

A. Description:

A description of the reasonable alternatives considered in planning a solution to meet the identified needs of the water treatment and distribution system are summarized in Table 4. The water supply alternatives indicated below were detailed in the 2008 MWP and were carefully considered prior to the City purchasing the Green Ranch Wells site.

TABLE 4 City of Lakeport Water System Improvements Project Alternatives Considered	
Water Supply Alternatives	**Comments**
1. Purchase the Green Ranch Well site.	Allows City to maintain and operate two wells in perpetuity, providing adequate water supply to residents, and gain water rights from Scotts Valley Aquifer.
2. Re-negotiate a new lease for the Green Ranch Wells.	Allows City to continue to operate wells as has been done in the past, but with no guarantee the lease will be renewable in subsequent years.
3. Acquire the entire Green Ranch property.	The City may gain additional water rights as well as keep the existing wells; however, purchase of the entire property is cost prohibitive for the City.
4. Drill a new well at some other location.	The City would need to purchase property on which to drill the new wells with no guarantee that a future site would lie above a productive portion of the aquifer.
5. Treat the Scotts Creek Wells and pump year round.	A new water treatment plant would be required in order to utilize these wells year round due to their location and current CDPH restrictions. This is cost prohibitive for the City.
6. Do nothing.	Will result in the City not having an adequate and reliable water supply for City residents.

TABLE 4 Cont. City of Lakeport Water System Improvements Project Alternatives Considered	
Distribution System Alternatives	**Comments**
1. Complete recommended improvements on Parallel Drive and South Main Street.	Allows for adequate fire flows in large portions of existing commercial areas within the City and improves water transportation to southern portions of the City.
2. Complete all recommended distribution improvements from 2008 MWP.	Allows for adequate system pressures and fire flows throughout the City, but is cost prohibitive for the City.
3. Do not complete any distribution system improvements.	Will result in continued insufficient fire flows within existing commercial areas of the City and poor water transportation to southern portions of the City.
Water Meter Replacement Alternatives	**Comments**
1. Replace all 2,291 water meters that do not meet regulated low lead concentrations complete with AMRs.	Results in the City meeting the requirements of the Safe Drinking Water Act scheduled to go into effect in 2014 and improves the accuracy and efficiency of the water metering system.
2. Develop a routine maintenance program to replace water meters as needed.	The City will not meet new low lead requirements by 2014 for all meters, and will continue to lose revenue by using outdated and leaking meters that are currently in need of replacement.
3. Do not replace any water meters.	Aging inaccurate and inefficient meters will continue to be used that do not meet the upcoming low lead requirements.
Communication System Alternatives	**Comments**
1. Replace existing SCADA and telemetry system.	Allows City operators to reliably and efficiently control and collect data on the water treatment, storage, and distribution systems.
2. Do nothing.	System will be underutilized and unsafe with frequent communication and equipment failures that cannot be resolved, and CDPH permit requirements for reporting and alarm testing will not be met.

Water Supply Alternatives**:**

As indicated in Table 4 above, several alternatives were considered in the 2008 MWP to provide an adequate and reliable water supply due to the expiration of the Green Ranch Wells lease. Given the future uncertainty of continually renewing the lease, the high cost of purchasing the entire Green Ranch property, the risks associated with drilling new wells, and the high costs with minimal benefits of treating the Scotts Creek Well water, it was determined the most advantageous alternative for securing the Green Ranch Well supply was for the City to acquire a portion of the Green Ranch property. At the time of this PER, the City has purchased approximately 7 acres of the Green Ranch property on which the two wells are currently situated. The City's General Fund financed a loan to the Water Enterprise Fund for this purchase until refinancing is available, preferably through USDA Rural Development. Refer to Appendix F for a draft Record of Survey of the area.

Distribution System Alternatives: The computer analysis of the existing distribution system completed for the 2008 MWP indicated that, in general, the system maintains adequate pressures for all served areas during MHD. However, the model also indicated that a number of the analyzed water mains in the downtown and northwest areas are undersized and tend to generate low systems pressures during high flow conditions (i.e. fire flows) due to significant pipe frictional losses. Some of these undersized pipes are old cast iron pipes 6 inches and smaller. As a result of this analysis, it was suggested that multiple water main improvements are needed over the next 20 years to improve water circulation thereby improving fire fighting pressures and flows in the downtown area.

There were one immediate, three near-term, and six long-term water main improvement projects recommended in the 2008 MWP to improve fire flows and water circulation in the City. The total cost of these projects was $2.3 million in 2007 dollars. This amount is too costly for the City to complete all recommended improvement projects; therefore, extension of the existing 14-inch water mains on Parallel Drive and South Main Street are recommended at this time to improve fire flows in the downtown areas. Increasing the hydraulic capacity from the City's wells and reservoirs to the southern City areas is key in attempting to implement the Lakeport Fire Department's recommended fire flows

for some of the critical downtown structures and to also provide capacity to southern portions of the City. Removal of the two 14-inch dead-end water mains will also improve water quality and reduce any negative effects of water hammering.

Water Meter Replacement Alternatives: Replacement of the existing water meters throughout the distribution system will address the health and safety of City residents. The current meters do not meet standards of the Safe Drinking Water Act low lead requirements. Replacement of existing meters to the new standard will avoid any potential of lead leaching into the system. Furthermore, the current distribution system is inefficient with aging manual-read meters, and replacement with AMRs is necessary to increase the accuracy and efficiency of the meter reading process.

Communication System Alternatives: As discussed, the existing SCADA controls system and telemetry system should be replaced in order to make operation of the WTP, wells, and reservoirs more reliable. It is recommended the existing “hard wire” telemetry system be replaced with a radio telemetry system compatible with the City’s current radio system.

B. Design Criteria:

The design criteria used for evaluation of alternatives was taken from the 2008 MWP and is based on historical data and industry recognized standards. As previously indicated, this criteria is consistent with the last five years water production data. The California Waterworks Standards were used for sizing pipelines to meet minimum pressure requirements. In addition, Uniform Fire Code recommendations were adhered to for determining fire flow requirements. Design criteria are summarized in Table 5.

TABLE 5
City of Lakeport
Water System Improvements Project
Design Criteria

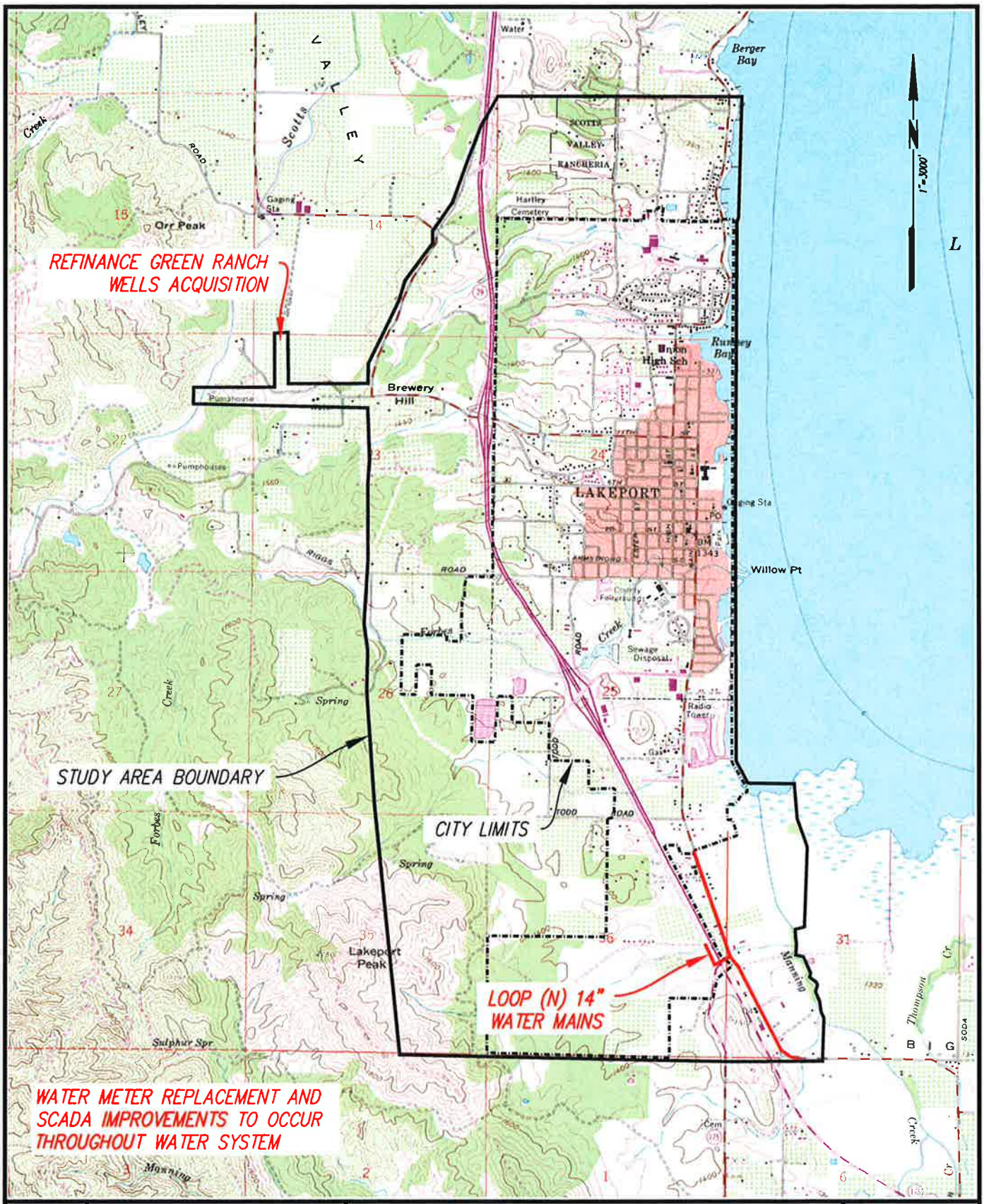
DESIGN RATIOS		**2007**
Annual Average Daily Production Demand		350 GPD/RUE[1]
Maximum Month/Average Day	MMD/ADD =	1.53[2]
Maximum Day/Average Day	MDD/ADD =	2[3]
Maximum Hour/Average Day	MHD/ADD =	3.2[4]

DESIGN VALUES	**2007**	**2017[5]**	**2027[5]**
Estimated Metered Services[6][7]	2,310	2,586	2,885
Estimated Population Served	5,099	5,688	6,346
RUEs	2,607	2,908	3,245
Average Day Demand (MGD)	0.91	1.02	1.14
Maximum Day Demand (MGD)	1.82	2.04	2.27
Maximum Hour Demand (MGD)	2.92	3.26	3.63
ADD/RUE (GPD)	350	350	350
MDD/RUE (GPD)	700	700	700
MHD/RUE (GPD)	1,120	1,120	1,120

NOTES:
1 Based on 40 top users.
2 MMD based on July 2006 production records.
3 MDD:ADD calculated from water production records.
4 From estimated ratio of MHD:MDD of 1.6.
5 Future growth based on 1.1%/year to 2028.
6 The future number of services are based on 2.2 capita/service.
7 Includes inactive services.

C. Map:

Refer to Figure 2 for an overall map of the City, the location of the Green Ranch Wells, and the recommended water main improvement locations on Parallel Drive and South Main Street. Water meter replacement will occur throughout the water system, and SCADA improvements will be completed at the reservoirs, WTP, raw water lake booster pump station, and wells.



DATE			
04/12	PACE ENGINEERING REDDING, CALIFORNIA	CITY OF LAKEPORT PRELIMINARY ENGINEERING REPORT RECOMMENDED IMPROVEMENTS	FIGURE 2 JOB #523.29

Plot Date: April 11, 2012 - 12:18 pm Login Name: lmccollum
File Name: M:\Land Projects\0523\29 Lakeport Water PER\PLATE 1.dwg, Layout: FIG 2

D. Environmental Impacts:

The proposed project alternatives do not appear to have any lasting, significant impact on land resources, historic sites, wetlands, flood plain, endangered species, or critical habitat. The project design and construction will need to take into account specific mitigation measures for short-term construction related activities, so as not to cause any long-term environmental impacts. The permits for this project will likely require similar mitigation measures, which present no major hurdles as long as they are included in the construction contract documents and are monitored during the active phases of the project. A preliminary mitigation-monitoring checklist is included in Table 6. These measures will typically be required with all alternatives considered. These measures must be included in the construction contract and that they are adhered to both during and after construction of the project where applicable. Additionally, the City has enlisted the services of Environmental Planning Partners, Inc., to prepare compete environmental documentation of the project.

E. Land Requirements:

The City recently purchased approximately 7 acres where the two existing Green Ranch Wells are located. The City's General Fund financed a loan to the Water Enterprise Fund for this purchase until refinancing is available. Refer to Appendix F for a draft Record of Survey for the well site.

The existing treatment plant and all associated water system facilities that will be affected by replacement of the SCADA system are located on City property; therefore, no additional land will be required for or affected by these improvements.

Construction of the new 14-inch water mains on Parallel Drive and South Main Street, as well as replacement of the existing water meters will be located within the road rights-of-way or within existing easements and therefore will not affect any previously undisturbed land.

TABLE 6 City of Lakeport Water System Improvements Project Preliminary Mitigation Monitoring Checklist	
Mitigation Measure	**Monitoring Action**
Work Area	
1. Minimize Work Area	Define limits of work area in contract documents and delineate any sensitive areas that are to be left undisturbed.
2. Erosion Control	Establish erosion control procedures in contract documents including sensitive areas to be left undisturbed. Standard practices required by the City will be strictly adhered to by the construction contractor and enforced by the engineer.
3. Revegetation of Disturbed Areas	All areas disturbed shall be seeded and mulched. Revegetation shall consist of native species, grasses, and forbs. Revegetation efforts shall be in place prior to the return of the wet season and no later than October 15th of each season.
Construction Activities	
1. Dust Control	Roads and work areas likely to generate dust shall be watered during construction activities and swept clean where possible.
2. Noise Control	Work hours will be limited typically to 7 a.m. to 7 p.m. in residential areas unless special activities, i.e. tie-ins, are required at night during periods of low water demand.
Sensitive Resources	
1. Fish Protection	Adverse activities on fish shall be minimized by not impacting nearby creeks. Erosion protection efforts shall be included as stated above.
2. Subsurface Cultural Resources	Where subsurface cultural materials are encountered during construction activities, all activities shall be halted within a 150-ft radius and an archaeologist called in to examine the artifacts and determine if additional mitigation measures are required.

F. Construction Problems:

Major construction problems are not anticipated for any of the project alternatives. The new 14-inch water mains will be constructed adjacent to existing pipelines within existing roads and/or utility easements. Based on previous construction projects in the area, some groundwater may be encountered during construction; however, this should not pose significant problems as long as the contractor acquires the proper equipment to deal with it.

G. Cost Estimates:

Relative costs for alternative project components were considered when determining the recommended alternative summarized in Table 7. Construction and project cost estimates for the recommended project are summarized in Table 8. The estimated construction cost of the project is $2,988,400, and the total project cost, including indirect costs of $1,384,000, is estimated at $4,372,000. These costs are based upon similar, recent prevailing wage projects bid in northern California. Project costs have been projected forward 2.5% per year for construction in year 2013-2014 based upon the typical yearly increase in the Engineering News Record – Construction Cost Index (ENR CCI), which presently stands at 9273 for April 2012. The ENR CCI has been in place since 1908 and indexes the cost of construction taking into account 200 hours of common labor at a rate averaged over 20 cities, plus 25 cwt of standard structural steel shapes, 1.128 tons of Portland cement, and 1,088 board-FT of 2×4 lumber.

H. Advantages/Disadvantages:

The ability of the different alternatives for the necessary water system improvements were briefly summarized in Table 4. In general, a project of this size, which is financially restricted and substantially defined by the facilities it has existing and would like to continue to use, does not have a lot of feasible options. Therefore, it was determined a present worth cost analysis was not required due to lack of viable alternatives.

The advantages of the recommended alternative include:

- Adequate water supply for the City and full allotment of the existing water rights.
- Reliable and efficient SCADA and telemetry system throughout City water facilities which meets current CDPH requirements.
- Increased hydraulic capacity and fire flows for existing downtown commercial areas.
- Increased water supply from the City's reservoirs and wells to southern portions of the City.
- Cost effective and precise AMRs that meet Safe Drinking Water Act low lead requirements.

VI. PROPOSED PROJECT (RECOMMENDED ALTERNATIVE)

A. Project Design:

Construction of the improvements summarized in Table 7 is recommended in order to improve upon the reliability of the potable water system for the City. The project components include:

TABLE 7 City of Lakeport Water System Improvements Project Recommended Project Components
1. Refinance acquisition of the two existing Green Ranch Wells. 2. Replace existing SCADA and telemetry system. 3. Extend and loop approximately 6,500 feet of 14-inch water mains on Parallel Drive and South Main Street. 4. Replace approximately 2,291 existing water meters with low lead meters complete with AMRs.

1. Acquisition of approximately 7 acres of the Green Ranch property on which the existing two Green Ranch Wells are located was required to allow for adequate water supply to the City during the winter months by supplying as much as 850 GPM. This also allows the City to draw its full 750 ac-ft water right.

2. Replacement of the existing outdated and unreliable SCADA and telemetry system will allow City operators to more safely and efficiently maintain, control, and service the entire water system. Updates will include integrating SCADA caustic feed controls at the well sites, providing call out alarms, and having the ability to record turbidity every 15 minutes as required by CDPH. RTUs will be provided at the reservoirs, WTP, raw water lake pump station, and all wells. A main SCADA station is recommended at the WTP, along with an operator interface panel at the tank site and remote access to the entire system for operators via two laptop computers.

3. Extending and looping the existing 14-inch water mains on Parallel Drive and South Main Street will allow for large portions of the commercial areas in the City to meet fire flow requirements during heavy demand periods. These improvements will also increase water supply from the City's reservoirs and wells to the southern portions of the City. Approximately 6,500 feet of 14-inch water mains will be installed along Parallel Drive and South Main Street, including about 300 feet being bored and jacked under Highway 29. Caltrans has been contacted regarding the proposed project.

4. Replacement of all the existing 2,291 water meters within the water system that do not meet low lead concentration requirements will result in the City coming into compliance with the Safe Drinking Water Act regulations. Installation of AMRs will reduce labor needed for meter reading by as much as 90%. It will also result in more precise meter reading and billing, and improve detection of water service leaks.

B. Total Project Cost Estimate:

Construction and project cost estimates, including funding alternatives, are summarized in Tables 8 and 9. The estimated construction cost of the project is $2,988,400, and the total project cost including indirect costs of $1,384,000, is estimated at $4,372,000. These costs are based upon similar, recent prevailing wage projects bid in northern California. These costs have been projected forward to construction in year 2013-2014 based upon the ENR CCI, which presently stands at 9273 for April 2012.

TABLE 8
City of Lakeport
Water System Improvements Project
Recommended Project Preliminary Cost Estimate

No.	Item	Quantity	Unit	Unit Cost	Total Cost
Construction Costs					
1	Replace 5/8 x 3/4" water meters complete with AMRs	2170	EA	$325	$705,250
2	Replace 1-inch water meters complete with AMRs	44	EA	$460	$20,240
3	Replace 1.5-inch water meters complete with AMRs	34	EA	$780	$26,520
4	Replace 2-inch water meters complete with AMRs	30	EA	$1,010	$30,300
5	Replace 3-inch compound water meters complete with AMRs	7	EA	$3,830	$26,810
6	Replace 4-inch compound water meters complete with AMRs	3	EA	$4,000	$12,000
7	Replace 6-inch water meters complete with AMRs	3	EA	$5,000	$15,000
8	AMR field laptops	2	EA	$11,000	$22,000
9	**AMR Subtotal**				**$858,120**
10	14-inch water main, Class A1 backfill, complete	6200	LF	$125	$775,000
11	14-inch butterfly valves	6	EA	$5,000	$30,000
12	Bore and jack 24-inch steel casing under Hwy 29 for 12-inch water	300	LF	$638	$191,400
13	14-inch intertie with existing system	2	EA	$2,000	$4,000
14	**South Main St Loop Subtotal**				**$1,000,400**
15	Underground electrical at remote SCADA sites	6	EA	$2,000	$12,000
16	Aboveground electrical at remote SCADA sites & misc I/O terminations	6	EA	$3,000	$18,000
17	Furnish and install Well/Pump Station RTUs	6	EA	$15,000	$90,000
18	Well/Pump Station ORT	6	EA	$3,000	$18,000
19	Well/Pump Station FAT	6	EA	$2,000	$12,000
20	Furnish and install Control Panel/Computer Work Station at WTP	1	LS	$150,000	$150,000
21	SCADA programming - Process Control	1	LS	$50,000	$50,000
22	SCADA programming - Reports	1	LS	$50,000	$50,000
23	Computer equipment, licenses, and software	1	LS	$50,000	$50,000
24	WTP pull wire & terminate	1	LS	$10,000	$10,000
25	SCADA startup & testing (ORT & FAT)	1	LS	$25,000	$25,000
26	Cleanup	1	LS	$6,800	$6,800
27	Equipment info	1	LS	$10,000	$10,000
28	Radio path survey	1	LS	$10,000	$10,000
29	**WTP SCADA System Subtotal**				**$511,800**
30	***Subtotal Construction Cost***				$2,370,300
31	***Construction Contingency @ 20%***				$474,100
32	***Inflation Adder for Construction in 2013-2014 @ 2.5% per year***				$144,000
33	***TOTAL CONSTRUCTION COSTS***				***$2,988,400***

TABLE 8
City of Lakeport
Water System Improvements Project
Recommended Project Preliminary Cost Estimate

No.	Item	Quantity	Unit	Unit Cost	Total Cost
Indirect Costs					
34	Study and Report Phase (PER)				$20,000
35	Field survey 14-inch water main alignment				$10,140
36	Design				$245,460
37	Bidding/Contract award services				$20,000
38	Construction phase services				$191,048
39	Post-construction services				$0
40	As-Built (Record) Drawings				$5,000
41	***SubTotal Basic Services***				$491,648
42	***Resident Project Representative*** [1.]				$15,128
43	***Additional Engineering Services***				
44	Geotechnical services				$0
45	Construction phase surveying				$5,070
46	Easement Acquisition/ROWs				$10,000
47	Operation & Maintenance Manual				$0
48	Assistance w/ Certificates of Participation Funding				$0
49	Environmental documentation assistance				$0
50	Assistance with permits				$5,000
51	***SubTotal Engineering Fee***				$526,846
52	***Engineering Fee Contingency @ 10%***				$52,685
53	***Engineering Fee Total***				***$579,500***
Other Indirect Costs					
54	Administration and legal				$20,000
55	Green Ranch Well Acquisition				$700,000
56	ROW & easements permits				$10,000
57	Environmental documentation				$20,000
58	Additional Cash Flow Needs for Interim Financing Through Bidding @ 5% for 1 Year				$15,000
59	Bond Counsel for Certificates of Participation (COP) Loan Security				$30,000
60	***SubTotal Other Indirect Costs***				$795,000
61	***Other Indirect Costs Contingency @ 10% Excluding Green Ranch Well Site Acquisition***				$9,500
62	***Other Indirect Costs Total***				$804,500
63	***TOTAL INDIRECT COSTS***				***$1,384,000***
TOTAL PROJECT COST					***$4,372,000***

Notes: 1. Construction observation services provided only for 14-inch water main installation over 62 working days. City to provide construction observation of water meter installations.

TABLE 9
City of Lakeport
Water System Improvements Project
Project Funding Alternatives

TOTAL ESTIMATED CONSTRUCTION COSTS	$2,988,400
TOTAL ESTIMATED INDIRECT COSTS	$1,384,000
TOTAL ESTIMATED PROJECT COST	**$4,372,000**
Funding Alternative No. 1 - RD Low Interest Loan	
Grant @ 0%	$0
Low Interest Loan @ 100%	$4,372,000
Annual Loan Repayment @ 2.75%, 40 years (CRF=0.0415315)	$182,000
Annual Reserve Account @ 10% of Annual Debt Services	$18,200
Annual Estimated Short-Lived Asset Reserve[1]	$27,600
10% O&M Reserve Account[2]	$127,200
TOTAL ANNUAL LOAN REPAYMENT	**$355,000**
Number of Residential Unit Equivalents (RUEs)	2,731
Approximate Total Cost Per RUE	$1,601
Approximate Annual Cost Per RUE	$130
APPROXIMATE MONTHLY COST PER RUE	**$10.83**
TOTAL COP ANNUAL LOAN REPAYMENT[3]	**$181,576**
TOTAL COP MONTHLY LOAN REPAYMENT	**$15,131.33**
Funding Alternative - RD Grant & Low Interest Loan	
Rural Development Grant @ 30%	$1,311,600
Rural Development Loan @ 70%	$3,060,400
Annual Loan Repayment @ 2.75%, 40 years (CRF=0.0415315)	$127,000
Annual Reserve Account @ 10% of Annual Debt Services	$12,700
Annual Estimated Short-Lived Asset Reserve[1]	$27,600
10% O&M Reserve Account[2]	$127,200
TOTAL ANNUAL LOAN REPAYMENT	**$294,500**
Number of Residential Unit Equivalents (RUEs)	2,731
Approximate Total Cost Per RUE	$1,121
Approximate Annual Cost Per RUE	$108
APPROXIMATE MONTHLY COST PER RUE	**$8.99**
TOTAL COP ANNUAL LOAN REPAYMENT[3]	**$127,103**
TOTAL COP MONTHLY LOAN REPAYMENT	**$10,591.92**

Notes:
1. The short-lived asset reserve is intended to provide the City with the means for accumulating funds to replace equipment and materials that have useful lives of 5 to 15 years.
2. RD requires sufficient project revenue to cover a 10% O&M increase after restructuring.
3. COP = Certificate of Participation will be used as the debt security method. A COP is financing in which a share of the lease revenues of an agreement are bought, rather than the bond being secured by those revenues.
4. Annual loan repayment based on USDA RD intermediate interest rate of 2.75% effective April 1, 2012, through June 30, 2012.

C. Annual Operating Budget:

The existing operating budget and most recent financial report are included in Appendices D and E, respectively. The City Council will need to reconsider the income and expenditures, along with the new debt service required to repay any loan obtained.

1. Income: The City's current water rate schedule was adopted by the City Council effective July 1, 2010. According to this rate schedule and the most recent audited financial report, and assuming that the existing active customers remain, the minimum annual income should be approximately $1,175,759. A Water Rate Study is currently being completed by HDR. Current and anticipated future water rates are shown in the Draft Water Rate Study located in Appendix B.

2. Operations and Maintenance (O&M) Costs: The City's existing operations and maintenance budget will be refined once the City has had the opportunity to operate through one year and consider the cost of the proposed project. It is anticipated the O&M budget will be increased by the required short-lived assets – see Table 11. The estimated pro-forma O&M annual expenses will be approximately $1,399,200, which includes a 10% O&M reserve of $127,200 based on the most recent audited financial report. See Table 11 for a breakdown of the 100% loan funding scenario.

An approximate calculation of the short-lived assets currently present in the City's water treatment, storage, and distribution system is shown in Table 10.

TABLE 10
City of Lakeport
Water System Improvements Project
Short-Lived Assets Reserve Schedule

Asset Description	Replacement Period In Years	Total Estimated Cost	Estimated Annual Cost to Replacement
2 Distribution Pumps	15	$19,900	$1,327
Office Scada/PLC Programming Computer (Laptop)	5	$1,500	$300
2 Oxygen Generators	15	$50,000	$3,333
17 MCC Room Breakers	15	$4,350	$290
6 MCC VFD Pumps	15	$19,200	$1,280
Tool Room Chemical Pump (Air Powered)	15	$848	$57
Tool Room Peristaltic Chemical Pump	10	$420	$42
2 CL2 Room Valves	10	$445	$45
2 PLC Control Room Chart Recorders	15	$1,200	$80
PLC Control Room Scada Ups	15	$6,400	$427
L.M.I Hydrochloric Acid Pump	10	$1,200	$120
2 VFD Lake Pumps and 2 Vacuum Pumps	10	$5,600	$560
Sc100 Controller	10	$1,800	$180
Scotts Creek 8" Soft Start	10	$1,400	$140
Filter Room Air Dryer (Hankison)	10	$1,750	$175
Filter Room Drum Pump	8	$1,250	$156
7 Filter Room L.M.I Chemical Pumps	8	$7,930	$991
Filter Room Low Level Alarm (Chem Vats) 3 Total	10	$895	$90
Filter Room Wet-Dry Vacuum (Craftsman)	15	$108	$7
4 Handheld Radios	10	$2,000	$200
2 CL17 Chlorine Analyzers	10	$6,400	$640
2 Colorimeters	7	$940	$134
Finished Water Ph + Turbidimeter Controller (SC100)	10	$1,800	$180
Finished Water Ph Probe	5	$1,050	$210
Flow Block Assembly	10	$220	$22
Lab a/c Unit and Water Heater	15	$12,360	$824
Magnetic Stirrer	10	$150	$15
Ph Monitor and Turbidimeter (Portable)	7	$2,900	$414
4 Turbidimeters and Filters	10	$12,700	$1,270
Caustic Feed Building Berko Heater	15	$495	$33
Caustic Control Valve Board	10	$1,145	$115
2-6` Harness Web	10	$200	$20
2 Chart Recorders	15	$1,200	$80
2 CL17 Chlorine Analyzers and Digital Thermometer	10	$6,470	$647
3 Fall Protection Sleeves	15	$1,800	$120
Finish Water Ph Probe (Tank Site)	5	$1,020	$204
Ph Flow Cell	10	$400	$40
PLC UPS	15	$2,400	$160
2 Safety Harness and Belts and Shop Vacuum	10	$700	$70
W14 2005 Freeze Tool and Bay 1 Charger	15	$3,110	$207
5 Service Vehicles	15	$186,000	$12,400
		Equivalent Annual Replacement Cost:	$27,600
		*Annual Cost Per RUE:	$10.11
* Assumes 2,731 RUEs		Monthly Cost Per RUE:	$0.84

TABLE 11 City of Lakeport Water System Improvements Project Estimated Pro-Forma Expenses (100% Loan)			
	Annual Expense	***Annual Cost Per RUE**	***Monthly Cost Per RUE**
Estimated Pro-Forma O&M	$1,272,000	$465.76	$38.81
Proposed 10% O&M Reserve	$127,200	$46.58	$3.88
Estimated Short-Lived Asset Replacements	$27,600	$10.11	$0.84
Existing 2002 Refunding Loan	$82,000	$30.03	$2.50
Existing 2002 Refunding Loan (10% reserve)	$8,200	$3.00	$0.25
Existing 2000 RD Loan	$105,000	$38.45	$3.20
Existing 2000 RD Loan (10% reserve)	$10,500	$3.84	$0.32
Proposed RD Loan @ $4,372,000	$182,000	$66.64	$5.55
Proposed RD Loan (10% reserve)	$18,200	$6.66	$0.56
Totals:	$1,832,700	$671.07	$55.92
* Assumes 2,731 RUEs			

VII. CONCLUSIONS AND RECOMMENDATIONS

Based upon the available information to date, the recommended project consists of the items summarized in Table 7. The advantages of the recommended alternative include:

- Adequate water supply for the City and full allotment of the existing water rights.
- Reliable and efficient SCADA and telemetry system throughout City water facilities which meets current CDPH requirements.
- Increased hydraulic capacity and fire flows for existing downtown commercial areas.
- Increased water supply from the City's reservoirs and wells to southern portions of the City.
- Cost effective and precise AMRs that meet Safe Drinking Water Act low lead requirements.

The total project cost including indirect costs for administration and engineering is estimated at $4,372,000.

Potential funding sources include the Safe Drinking Water State Revolving Fund (SDWSRF), Community Development Block Grant (CDBG), and USDA RD funding programs. The SDWSRF is competitive with projects involving existing water quality issues and/or treatment deficiencies ranking higher for funding than other water system deficiencies. Since the City does not have these high priority issues, the SDWSRF is probably not a viable funding source. Additionally, the CDBG funding program has recently had limited funding availability with high competition as well. As such, extremely disadvantaged communities rank more highly than others to receive grant funding.

This report is one of a number of steps towards seeking funding through USDA RD which appears to be the most viable funding source for the City. Maximum grant offers typically apply to borrowers from small communities (less than 5,000 people) with an MHI of 60% or less than the non-metropolitan State MHI, and water rates in excess of 1.5% of the MHI. At this time, the City's average monthly water charge per RUE of $28.25 is currently at 1.0% of the City MHI. As shown in the Draft Water and Sewer Rate Study, proposed rates are expected to be 1.5% of the MHI by year 2016 if adopted. The City MHI of $34,340 was 60% of the State $57,708 MHI in 2010. The steps to receive project funding through RD are summarized in a preliminary schedule in Table 12.

TABLE 12 City of Lakeport Water System Improvements Project Preliminary Project Schedule			
Item No.	**Action**	**Target Date**	**Completion Date**
1	City hires PACE to prepare a PER		03-12
2	PACE provides draft PER to the City		03-12
3	PACE submits final PER to the City		04-12
4	Environmental draft submitted	04-12	
5	City seeks grant/loan funding from USDA RD based on PER recommendations	04-12	
6	City reviews USDA RD Letter of Conditions	10-12	
7	City directs engineer to proceed with design	11-12	
8	Final design and specifications submitted to the City	05-13	
9	RD and City approves final design and specifications	07-13	
10	City approves advertising for bids	08-13	
11	City invites construction bids	09-13	
12	Construction bids received	10-13	
13	Construction contract awarded	11-13	
14	Begin construction	01-14	
15	Loan closes	02-14	
16	All grant/loan funds spent	10-14	
17	Construction completed	10-14	
18	City begins loan repayment	11-14	

APPENDIX A

State of California—Health and Human Services Agency
California Department of Public Health
DRINKING WATER FIELD OPERATIONS BRANCH
50 D STREET, SUITE 200, SANTA ROSA, CA 95404
PHONE: (707) 576-2145 / FAX: (707) 576-2722
INTERNET ADDRESS: www.cdph.ca.gov

Ron Chapman, MD, MPH
Director

EDMUND G. BROWN JR.
Governor

RECEIVED
JAN 3 2012
By

December 29, 2011

Mr. Mark Brannigan
591 Martin Street,
Lakeport, CA 95453

RE: 2011 City of Lakeport Inspection and Water Supply Permit

Dear Mr. Brannigan:

The California Department of Public Health conducted an inspection of the City of Lakeport water treatment and distribution facilities on May 19, 2011, September 20, 2011 and November 2, 2011. As a result of changes that have occurred in the water system since our last permit inspection in 2004, the Department is issuing a new domestic water supply permit (Permit) to the City and it is included as an enclosure to this letter. This new permit supersedes all prior permits. The new Permit also contains legally binding conditions that the City must comply with. Please review all the conditions of the new Permit carefully. The purpose of this letter is to convey to you the new domestic water supply permit and to document the Department's concerns regarding the vulnerabilities of the Scott's Creek Wells, and deferred maintenance at the water treatment and distribution facilities that was observed during our inspections this year.

As you are aware, the Scott's Creek wells are located in the middle of the creek and are subject to potential erosion and failure during the period that the creek is flowing. Additionally, the 4-inch Scotts Creek well has a 3-foot deep annular seal and the 8-inch Scotts Creek well has a 24-foot deep annular seal, according to our records. The annular seal depth is the depth of the concrete or other non-porous media that protects a well from potential contamination from the surface. The legal requirement for annular seal depth for a community water supply source is 50 feet, per the California Well Standards dated June 1991. Due to the high quality and quantity of water that is collected from these wells, the Department has historically allowed the wells to remain as approved sources. However, the Department does have significant concern about the vulnerability of these wells and in the future may remove these from the list of approved sources if it deems it is warranted at any time. Therefore, the Department is requiring that a vulnerability assessment be completed for these wells in Condition Number 15 of the new Permit and is recommending that the City begin making

engineering and budgetary plans for the ultimate replacement or treatment of these wells.

The other main concern that the Department has with the City's water system is the deferred maintenance of significant water treatment infrastructure. Some examples of the deferred maintenance that has the potential to seriously degrade the water system's ability to continuously deliver safe, potable water to its customers include:

(1) The failure of the surface water treatment plant to restart due to computer programming issues after testing of the alarms was completed by my staff during the inspection (note: a similar scenario occurred in August 2011 to City personnel and the cause of this was never fully understood),

(2) Failure to replace granular activated carbon in two of the four media filters despite a previous letter from our Department recommending it in 2008,

(3) Unrepaired corrosion of the coating on the interior of the 1.5 million gallon water storage tank,

(4) A roof blown off the Green Ranch well housing which has not been repaired, and

(5) Failure to replace a critical water treatment plant pump motor controller that is no longer operable.

The Department understands that many of the items required in the updated Permit will be costly. However, the items addressed in the domestic water supply permit being issued to the City must be completed to ensure it remains in compliance with applicable sections of the California Health and Safety Code and the California Code of Regulations.

The Department strongly recommends that you bring the issue of the deferred maintenance of the water system and the vulnerability of the Scott's Creek Wells to the City Council's attention as failure to take proactive maintenance steps to ensure public health will necessitate that the Department take formal action against the City. The Department would be happy to provide technical assistance or support the City in any rate increases necessary resulting from this Permit.

Permit Conditions numbers 20, 21, 23 and 24 have requirements for overdue chemical monitoring. A chemical monitoring schedule has been provided as an enclosure to this letter to facilitate the completion of these conditions. Please ensure that these Permit Conditions are completed by the assigned due dates, as the Department will not provide any extensions on these items.

If you have any questions about this permit, please contact Michelle Frederick of my staff or myself at (707) 576-2731 or (707) 576-2729, respectively.

Sincerely,

Bruce H. Burton, P.E.
District Engineer
Mendocino District

Enclosures

c:

Mr. Matt Johnson
591 Martin Street,
Lakeport, CA 95453

Lake County Environmental Health
922 Bevins Court
Lakeport, CA 95453

Ms. Margaret Silveira, City Manager
City of Lakeport
225 Park Street
Lakeport, CA 95453

1710004/Permit
111201_Permit Ltr/MFF

RECEIVED
JAN 3 2012
By

STATE OF CALIFORNIA

DOMESTIC WATER SUPPLY PERMIT

Issued To

City of Lakeport

For the Operation of the
City of Lakeport
Public Water System

Public Water System No. 1710004

By

The California Department of Public Health
Division of Drinking Water and Environmental Management

PERMIT NUMBER: 02-03-11P1710004 DATE OF ISSUE: December 29, 2011

WHEREAS:

1. Section 116525(c) of the California Health and Safety Code authorizes the Department of Public Health (Department) to renew, reissue, revise or amend any domestic water supply permit whenever the Department deems it to be necessary for the protection of public health, whether or not an application has been filed.

2. The Department of Public Health deems it necessary for the protection of public health to reissue a domestic water supply permit for the operation of the City of Lakeport (City) public water system.

3. The City of Lakeport water treatment plant is located in Lake County. The City's surface water treatment plant is an alternative surface water treatment plant, per Section 64653 (f) through 64653 (h) of the California Code of Regulations (CCR). The plant is credited with 99.7 percent (2.5-log) removal of Giardia lamblia cysts and 99 percent (2-log) removal of viruses through filtration when operating in compliance with the performance standards contained in Title 22, Chapter 17 of the CCR and the conditions of this permit.

4. The legal owner of the public water system is the City of Lakeport. The City, therefore, is responsible for compliance with the most current statutory and regulatory drinking water requirements and the conditions set forth in this permit.

5. The service area of the City consists of approximately 2,189 service connections, approximately 5,200 people, consisting primarily of residential homes and commercial properties in Lakeport.

And WHEREAS:

1. The California Department of Public Health has evaluated all of the pertinent information about the City of Lakeport's public water system and has conducted physical investigations of the water treatment plant and distribution facilities on May 19, 2011, September 20, 2011 and November 2, 2011.

2. The California Department of Public Health has the authority to renew, reissue revise, or amend any domestic water supply permits pursuant to Health and Safety Code Section 116525.

THEREFORE: The California Department of Public Health has determined the following:

1. The City of Lakeport public water system meets the criteria for and is hereby classified as a community water system.

2. Provided the following conditions are complied with, the City should be capable of providing water to consumers that is pure, wholesome, and potable and in compliance with statutory and regulatory drinking water requirements at all times.

THE CITY OF LAKEPORT IS HEREBY ISSUED THIS DOMESTIC WATER SUPPLY PERMIT TO OPERATE ITS PUBLIC WATER SYSTEM.

The City shall operate the public water system in compliance with the following permit conditions:

1. The public water system shall be operated in such a manner as to comply with the most current version of all state laws applicable to public water systems, including, but not limited to, the California Safe Drinking Water Act as contained in Division 104 of the California Health and Safety Code, and any regulations, standards, or orders adopted thereunder.

2. The following water supply sources and associated treatment approved for use in the City of Lakeport public water system are:

Active Water Supply Sources	Associated Treatment
Clear Lake – Raw	(1) Acid addition for pH control
	(2) Pre-Ozonation
	(3) Coagulant addition and rapid mixing through an in-line static mixer
	(4) Adsorption clarification (US Filter)
	(5) Filtration through two tri-media, parallel gravity filters (Roberts Filters)
	(6) Post-Ozonation
	(7) Filtration through GAC pressure filters
	(8) Post-disinfection using gas chlorine
Scotts Creek Wells – Raw	(1) Disinfection using gas chlorine
	(2) Corrosion Control using Sodium Hydroxide
Green Ranch Wells – Raw	(1) Disinfection using gas chlorine
	(2) Corrosion Control using Sodium Hydroxide
North Lakeport CSA-21 Intertie	(1) None

No change in the source of water for the water system or any modification of the method of treatment as described in this permit shall be made to the City's public water system unless an application to amend the domestic water supply permit is submitted to the Department and an amended permit has been issued for the proposed changes.

SURFACE WATER TREATMENT PLANT—OPERATIONAL REQUIREMENTS AND PERFORMANCE STANDARDS

3. The City of Lakeport's surface water treatment plant shall be operated in accordance with the following operational parameters:

    a. Coagulation and flocculation shall be used at all times when the plant is operational, per Section 64660 (b) (9) of the CCR;

    b. The loading rate on the clarifiers shall not exceed 10 gallons per minute per square foot (gpm/sf) and the filter loading rate on gravity multi-media filters shall not exceed 5 gpm/sf, based on the filter unit design.

    c. Annual filter inspections shall be completed in each filter. At minimum, the filter inspections shall include: determination of the distance between the header and the media, the depth of each granular media, visual observation of the top of the media for mudball formation and short-circuiting pathways, verification of the operation of all air scouring units, and determination of the filter bed expansion during backwash. The results of the annual filter inspections must be submitted to the Department within 30 days after completion of the inspection but no later than January 30th of each year for the preceding calendar year.

    d. The filter backwash rate must be sufficient to obtain 15 to 30 percent expansion of the media as measured in each filter at least annually, or be approved by the Department.

    e. The system shall have functioning individual effluent turbidity alarms, coagulant flow alarms, and high and low chlorine residual alarm post-clearwell, per Section 64659 of the CCR. The alarms shall be tested at least monthly.

    f. The coagulant failure alarm shall not have a delay greater than 1 minute.

    g. The alarm delay for the individual filter effluent turbidity alarm shall not exceed 10 minutes when the turbidity is greater than 0.2 nephelometric turbidity units (NTU) and shall be immediate if an individual filter effluent turbidity is greater than 1.0 NTU.

    h. The alarm delay for the chlorine residual alarm shall not exceed 5 minutes when the chlorine residual measured is less than necessary to meet the required disinfection inactivation or is greater than 4.0 milligram per liter (mg/L).

4. The City of Lakeport's surface water treatment plant shall be operated in accordance with the following turbidity monitoring and performance standards:

i. The turbidity level of the individual filter effluent water from each filter shall be equal to or less than 0.2 NTU in 95% of the measurements taken each month based on discrete 4-hour monitoring.

j. The turbidity level of the individual filter effluent water from each filter shall not exceed 1.0 NTU while the plant is in operation. If the maximum allowable individual filter effluent turbidity of 1.0 NTU from either filter is exceeded, for any circumstances, the City must notify the Department within 24-hours.

k. The turbidity of water produced by each of the individual filter units must be monitored continuously and values recorded at no more than 15-minute intervals at all times the water treatment plant is producing water intended for human consumption.

l. If any individual filter effluent turbidity has two consecutive 15 minute readings greater than 0.2 NTU at the end of the first hour of continuous filter operation after backwash or start-up, then a filter profile must be completed within 7 days, if the cause of the elevated readings is unknown. The filter profile report must be submitted to the Department by the 10th day of the following month. A filter profile is defined in Section 64651 of the CCR.

m. If any individual filter effluent turbidity has two consecutive 15 minute readings greater than 1.0 NTU for three consecutive months, then a filter self-assessment must be completed within 14 days. The filter self-assessment report must be submitted to the Department within 28 days of the exceedance. The filter self-assessment components are listed in Section 64657.50 (d) of the CCR.

n. If any individual filter effluent turbidity has two consecutive 15 minute readings greater than 2.0 NTU for two consecutive months, then a comprehensive performance evaluation must be completed within 30 days. The comprehensive performance evaluation report must be submitted to the Department within 90 days of the exceedance. The components of a comprehensive performance evaluation are provided in Section 64657.50 (e) of the CCR.

5. Raw water samples from the Clearlake source shall be collected monthly, whenever the source is in use for any part of the month, and shall be analyzed by a laboratory that has been certified by the Department to perform coliform analyses pursuant to Section 116390 of the California Health and Safety Code. The method used for analysis shall determine most probable number of coliform organisms up to a density of 2,400 organisms per 100 milliliters of sample. The results from each month of sampling shall be submitted directly to the Department by the analyzing laboratory before the 10th day of the following month. In the event that the *E. coli* level in the raw water exceeds 1,000 MPN/100 mL, the water system shall notify the Department within 24-hours, increase Giardia disinfection inactivation by a minimum of 1-log, and begin weekly sampling of the raw water quality.

6. The chlorination treatment process shall achieve a minimum of 0.5-log inactivation of Giardia lamblia and 2-log inactivation of viruses at all times the treatment plant is operated. The minimum chlorine disinfectant residual leaving the surface water treatment plant must be equal to or greater than 0.2 mg/L at all times.

7. Monthly reports on the operation of the treatment facility shall be submitted to the Department by the tenth day of the following month in accordance with Section 64664, Title 22 of the CCR. The content and format of the report shall be as specified by the Department, but should include at a minimum the following items:

    a. the daily amount of surface water treated and the amount of backwash water recycled into the system;

    b. a minimum of discrete 4-hour turbidity measurements for the individual filter effluent from each filter;

    c. the maximum, 99th, 95th, 90th, and 50th percentiles statistically achieved for each individual filter unit based on 4-hour and 15-minute data at all times the water treatment plant is producing water intended for human consumption;

    d. the total number of 15-minute turbidity samples collected in the month from each individual filter unit;

    e. daily measurements of raw water turbidity, recycled water, and clarifier turbidities,

    f. the date, time, value and cause (if known) of any combined filter turbidity measurements or individual effluent turbidity measurements taken during the month that exceed 0.2 NTU;

    g. disinfection inactivation parameters including pH, temperature, minimum daily free chlorine residual in the water leaving the surface water treatment plant clearwell, and the minimum chlorine inactivation value achieved on a daily basis;

    h. chemical dosages of all treatment chemicals used, physically measured at least weekly;

    i. a record of all monitoring instrument maintenance and calibration;

    j. a record of monthly alarm testing for the coagulant alarm, individual effluent turbidity alarms, and post-clearwell chlorine residual alarm;

    k. a list of water quality complaints and reports of waterborne illness received from consumers; and

    l. any other data that the Department considers pertinent shall be submitted, upon request.

The report shall be signed by the chief water treatment plant operator, plant superintendent or other person directly responsible for the operation of the water treatment plant. Any other data that the Department of Public Health considers pertinent shall be submitted upon request. Treatment plant records shall be retained for not less than three years.

8. All requirements and performance standards listed within the permit, Conditions 3 through 7, shall be included in the surface water treatment plant operations plan in addition to those items required by Section 64661 (b) of the CCR. The surface water treatment plant operations plan shall be reviewed and revised, if necessary, on an annual basis or at any time that significant changes to the operations are made.

GROUND WATER TREATMENT PLANT—OPERATIONAL REQUIREMENTS AND PERFORMANCE STANDARDS

9. The City of Lakeport shall operate the 4-inch Scotts Creek and 8-inch Scotts Creek wells in accordance with the following performance standards and restrictions:

    a. There shall be no surface water within 150 feet of the wells when in operation.

    b. The wells shall be disinfected with sodium hypochlorite each year prior to use and the well shall be flushed to waste until no chlorine residual remains. Two raw water bacteriological samples collected on consecutive days shall be collected from each well after the well disinfection process and flushing is completed. The samples shall be analyzed by a laboratory that has been certified by the Department to perform coliform analyses pursuant to Section 116390 of the California Health and Safety Code. The method used for analysis shall determine most probable number of coliform organisms up to a density of 2,400 organisms per 100 milliliters of sample. The results from this sampling shall be submitted to the Department and Department approval to use the wells shall be obtained prior to putting the wells online.

    c. The turbidity of the water produced by the Scotts Creek wells must be measured and recorded continuously when in use.

    d. The Scotts Creek wells must produce water with a turbidity level less than 0.3 NTU at all times it is in use.

    e. The water exiting the storage tank must meet 4-log inactivation of virus via disinfection at all times, and a minimum free chlorine residual of 0.6 mg/L must be maintained in the water entering the storage tanks.

    f. The Scotts Creek wells must be physically visited daily, when in use, to evaluate for potential vandalism.

    g. Bacteriological testing of the raw water Scotts Creek Wells, before any treatment, shall be conducted every other week when in use. The samples shall be analyzed by a laboratory that has been certified by the Department to perform coliform analyses pursuant to Section 116390 of

the California Health and Safety Code. The method used for analysis shall determine most probable number of coliform organisms up to a density of 2,400 organisms per 100 milliliters of sample. The results from each month of sampling shall be submitted directly to the Department by the analyzing laboratory before the 10th day of the following month. The Department shall be notified within 24 hours if the presence of any *E. coli* is reported from the source.

10. Raw water samples from the Green Ranch wells shall be collected monthly and shall be analyzed by a laboratory that has been certified by the Department to perform coliform analyses pursuant to Section 116390 of the California Health and Safety Code. The method used for analysis shall determine most probable number of coliform organisms up to a density of 2,400 organisms per 100 milliliters of sample. The results from each month of sampling shall be submitted directly to the Department by the analyzing laboratory before the 10th day of the following month. The Department shall be notified within 24 hours if the presence of any *E. coli* is reported from the source.

11. The City shall have fully operable alarms on the pH level, turbidity level, chlorine residual level, and water level of the storage tank at all times. The alarm delay on any of the alarms shall not exceed 15 minutes. The alarms shall be tested at least monthly.

12. The water system shall conduct inspection of the groundwater chemical feed systems at a minimum frequency of twice per week.

    a. This shall include calculating dosages of sodium hydroxide and chlorine at least weekly.

    b. Well production readings shall be performed and recorded a minimum of once per week.

    c. The system shall confirm the pH and chlorine residual from the effluent of the storage tanks at least weekly.

13. Monthly reports on the operation of the groundwater treatment facility shall be submitted to the Department by the tenth day of the following month. The content and format of the report shall be as specified by the Department, but shall include at a minimum the following items:

    a. The weekly production readings from each active well;

    b. The weekly chemical dosages of sodium hydroxide and chlorine;

    c. The weekly minimum and maximum pH in the raw and treated water sources online at the time;

    d. The date and results of monthly testing of: the high pH alarm, high turbidity level alarm, low and high chlorine residual alarm and the storage tank level alarm;

e. Daily calculations for 4-log inactivation of virus via chlorination for water supplied by the wells;

f. the maximum daily turbidity, if the Scotts Creek wells are in operation.

IMPROVEMENTS TO BE COMPLETED BY A STIPULATED DEADLINE

14. The 1.5 million gallon storage tank shall be either recoated or the tank shall be professionally evaluated to determine options for addressing the failing interior coating. The City shall either submit correspondence to the Department indicating that the re-coating has been completed or a copy of the profession evaluation report shall be performed by **August 1, 2012**. If the profession evaluation option is utilized, any noted repairs shall be completed after approval by the Department by **August 1, 2013**.

15. The Scotts Creeks wells do not meet California Bulletin 74-90 well standard requirements of 50-foot annular seals for community water systems and are vulnerable to erosion during creek runs and vandalism during periods when the creek is dry and the wells are in use. The City shall submit a vulnerability assessment of these wells and a plan to address each vulnerability identified. The assessment shall include, at minimum, security vulnerabilities, vulnerabilities due to the inadequate well annular seals, and potential erosion and well destruction during the creek flows. The vulnerability assessment and plan to address the vulnerabilities identified shall be submitted to the Department for approval by **December 15, 2012**.

16. As detailed in Condition 13 above, the City shall begin submitting monthly reports on the groundwater treatment plant operations by **March 10, 2012.**

17. As detailed in Condition 7 above, the City shall begin submitting monthly reports for the surface water treatment plant that include all of the items listed in Condition 7, specifically include 15-minute turbidity data, recycled water flow data, and a log of treatment plant alarm testing results by **November 10, 2012**.

18. The water system shall calibrate all water treatment plant facility related meters (raw sources meters and treatment plant meters) in accordance with manufacture recommendations or at least every 5 years if manufacturer recommendations are not available. A status of the calibration of all source and treatment plant meters shall be submitted to the Department by **December 1, 2012**.

19. In accordance with the California Department of Water Resources Bulletins 74-81 and 74-90 and Section 64560 of the CCR, the Green Ranch Wells require repairs as discussed below. These changes shall be implemented and photographic evidence submitted to the Department by **November 1, 2012**.

    a. Both Green Ranch Wells shall be placed in a housing such that they are protected against unauthorized entry and/or vandalism.

b. The East Green Ranch Well gravel packing holes shall be sealed in a method that makes them secure and water tight.

20. The City shall perform chemical monitoring for primary inorganics, nitrate, and secondary standards for the Clearlake source. The analyses shall be performed by a certified laboratory and the results shall be submitted to the Department electronically by **January 30, 2012**. If the system has already completed the overdue monitoring, then submittal by the laboratory to the Department shall be competed by January 30, 2012.

21. The City shall perform chemical monitoring for nitrate and endothall for the Green Ranch East Well source. The analyses shall be performed by a certified laboratory and the results shall be submitted to the Department electronically by **January 30, 2012**. If the system has already completed the overdue monitoring, then submittal by the laboratory to the Department shall be competed by January 30, 2012.

22. Radium 228 concentrations shall be monitored for the period of four consecutive quarters during the same month in each quarter (i.e. first month, second month or third month) from the Clearlake source. The analysis must be performed by a certified laboratory and submitted to the Department electronically. The four consecutive sampling events shall be completed by **March 31, 2013**.

23. Gross alpha and radium 228 concentrations shall be monitored for the period of two consecutive quarters during the same month in each quarter (i.e. first month, second month or third month) from the Green Ranch West Well source. The analysis must be performed by a certified laboratory and submitted to the Department electronically. The two consecutive sampling events shall be completed by **September 1, 2012.**

24. The Department chemical monitoring database has no bromate data collected from the treatment plant from May 2008 through October 2011. The City shall direct its laboratory to submit bromate data to the Department's database by electronic data transfer (EDT) and the PSCODE 1710004-006; or send the Department correspondence indicating that the monthly bromate was not completed during this period. The data transfer shall be completed or letter to the Department shall be completed by **February 15, 2012**.

25. An Updated Emergency Notification plan shall be submitted to the Department for approval by **March 1, 2012**. The updated emergency notification plan shall include templates for boil water order notifications, do not drink notifications, and boil water order cancelation notifications.

26. An updated bacteriological sampling plan should be submitted to the Department by **July 1, 2012** and shall include procedures for complying with the federal groundwater rule. At minimum, seven bacteriological samples shall be collected each month.

27. A copy of the 2009 Consumer Confidence Report (CCR) shall be submitted to the Department by January **15, 2012**.

28. Copies of the laboratory analytical reports for all Cryptosporidium monitoring completed from May 2011 through April 2012 for the Clearlake source shall be submitted to the Department by **May 10, 2012**.

29. The acid injection point in the surface water treatment plant and the condition of the pipeline near the point of injection shall be evaluated and repaired such that leaking of concentrated acid is stopped and corrosion of the pipeline is significantly decreased or eliminated. A report on the actions taken to remedy this leakage and pipeline failure shall be submitted to the Department by **September 1, 2012**.

30. A calibration cylinder, or a Department approved alternative, shall be installed on the hydrochloric acid chemical feed system in order to definitively calculate weekly dosages. Photographic evidence of the completion of this permit Condition shall be submitted to the Department by **August 1, 2012**.

31. The openings on the recycled water pond intakes shall be screened to prevent animals from entering the intakes. Photographic evidence of the completion of this permit Condition shall be submitted to the Department by **June 1, 2012**.

32. The City shall install a dedicated sampling tap on the one million gallon storage tank to allow for dedicated sampling of this tank to meet the requirements of Section 64585 of the CCR. Photographic evidence of the sampling tap shall be submitted to the Department by July 1, 2012.

33. The granular activated carbon (GAC) in the filter vessels currently out of commission shall be replaced by July 1, 2012. The City shall certify in writing to the Department that this has been completed and include a copy of the invoice for the GAC by **October 1**, 2012.

34. A sample of GAC media shall be collected from the currently operated GAC filters and analyzed for iodine levels. The results of this testing shall be provided to the Department by April 1, 2012.

35. The sodium hydroxide chemical feed piping and chemical feed pump (if the current pump is not designed to pump concentrated bases) shall be replaced with piping specifically designed for use with concentrated bases. The chemical feed pump shall also be fitted with a vacuum breaker to prevent siphoning from the bulk chemical storage tank. The replacement piping and chemical feed pump, and vacuum breaker shall be installed and functional by March 15, 2012. The City shall certify in writing to the Department this has been completed and shall include the make and manufacturer of the pipe, pump, and vacuum breaker and a copy of the invoice for the purchase of these materials by **March 30, 2012**.

36. The supervisory control and data acquisition (SCADA) system shall be reconfigured to allow for testing of the plants alarms without continuous failure of the water treatment plant. The SCADA system, or another backup device, shall also be configured to maintain at least the last three years of plant operational and monitoring data. The SCADA system shall be repaired by **May 1, 2012**.

37. The intermediate pump station motor controller, which failed in 2011, shall be replaced, repaired or otherwise made operable by July 1, 2012. The City shall certify

in writing to the Department that this intermediate pump is again operational and include a description of the work that was done and any equipment purchased by **December** 1, 2012.

38. An updated operations plan for the City's surface water treatment facility shall be submitted to the Department for review and approval by **June 30, 2012**. Once approved by the Department, the surface water treatment facility shall be operated in accordance with the approved operations plan as required by Section 64661, Title 22 of the California Code of Regulations.

    The operations plan shall be designed to produce the optimal water quality from the treatment process. The updated operations plan shall consist of, but not be limited to, a description of the utility's treatment plant performance monitoring program, unit process equipment maintenance program, operating personnel, including numbers of staff certification levels and responsibilities; how and when each unit process is operated; annual filter inspection procedures for the upflow clarifier and filter media, laboratory procedures; procedures used to determine chemical dose rates and alarm set points; records maintained; response procedures for plant and watershed emergencies; a procedure for testing the alarms systems monthly, and other reliability features. A procedure for reviewing and updating the Operations Plan every year or when significant operational chances occur should be included.

***SYSTEM SPECIFIC** REQUIREMENTS*

39. The pH of water supplied to the distribution system shall not be less than 5.5 or greater than 10, without prior approval from the Department.

40. The City shall collect a water sample from a section of the distribution system supplied by asbestos-cement pipeline and analyze it for asbestos content once every nine year compliance cycle. The sample site shall be chosen where contamination is most likely to occur. The results shall be supplied to the Department within 60 days of the City receiving the analytical report from the laboratory.

***GENERAL REGULATORY** REQUIREMENTS*

41. The Department shall be notified within 24 hours if there is an event that the water system is aware of that may affect the ability of the treatment plant to produce a safe, potable water including, but not limited to, spills of raw sewage or other hazardous chemicals, and significant chemical overfeeds or underfeeds.

42. Bacteriological monitoring shall be performed in accordance with Chapter 15, Title 22 of the CCR, and in accordance with the requirements of the Department. Specifically:

    a. The distribution system shall be sampled for bacteriological water quality in accordance with Table 64423-A of the CCR and the water system's approved bacteriological sampling plan. Results of the analysis of each sample must

be submitted directly to the Department by the laboratory that performs the analysis by the 10th day of the following month.

b. In the event of a positive routine sample, repeat sampling must be conducted in accordance with the water system's approved bacteriological sampling plan and Section 64424, Title 22 of the CCR.

43. All water sources shall be sampled in accordance with the chemical monitoring requirements in Sections 64400 through 64470, Title 22 of the CCR and as directed by the Department. Chemical monitoring samples must be taken prior to any treatment, unless otherwise specified by the Department.

44. Disinfection Byproduct monitoring shall be performed in accordance with Chapter 15.5, Title 22, of the CCR, and in accordance with the requirements of the Department.

45. Lead and copper monitoring shall be performed in accordance with Chapter 17.5, Title 22, of the CCR, and in accordance with the requirements of the Department.

46. A State certified treatment and distribution operator shall be responsible for operation of the City's public water system in accordance with Chapter 13, Title 22, of the CCR, and in accordance with requirements of the Department.

47. A program for the protection of the domestic water system against possible backflow flow from premises having dual or unsafe water systems shall be maintained in accordance with the cross-connection regulations contained in the California Code of Regulations, Title 17, Sections 7583 through 7605.

48. Pursuant to Section 64590 and 64591 of the CCR, no direct or indirect additive shall be added to drinking water unless it has been certified as meeting the specifications of American National Standard Institute/National Sanitation Foundation (ANSI/NSF) Standard 60 and Standard 61, respectively.

49. An annual report shall be submitted to the Department on the status and condition of the domestic water system as directed by the Department.

50. A Drinking Water Consumer Confidence Report providing specific information on the quality of the water served by the City's public water system shall be distributed to each person served by the water system annual by July 1st of the following year, in accordance with Sections 64480 through 64483, Title 22 of the CCR.

51. In accordance with Section 64453, Title 22 of the CCR, the City shall maintain records on all water quality complaints and system outage complaints received, both written and verbal, and correction action taken. These records shall be retained for a period of five years for Department review.

This permit supersedes all previous domestic water supply permits issued for this public water system and shall remain in effect unless and until it is amended, revised, reissued, or declared to be null and void by the California Department of Public Health. This permit is non-transferable. Should the City of Lakeport water system undergo a change of ownership, the new owner must apply for and receive a new domestic water supply permit.

This permit shall be effective as of the date shown below.

FOR THE CALIFORNIA DEPARTMENT OF PUBLIC HEALTH

Bruce H. Burton

Bruce H. Burton, P.E.
District Engineer
Mendocino District
Drinking Water Field Operations Branch

Dated: December 29, 2011

1710004/Permit-9
02-03-11P1710004/MFF

APPENDIX B

City of Lakeport
Water and Sewer Rate Study
Draft Summary Report

Introduction

HDR Engineering (HDR) was retained by the City of Lakeport (City) to conduct a comprehensive water and sewer rate study. The objective of the comprehensive rate study was to develop a financial plan and cost-based rates for each utility necessary to meet each utility's current and future operation and maintenance (O&M) and capital needs. This study also reviews the adequacy of existing water and sewer rates and provides the framework for any needed future adjustments.

Background and Context

It is important to describe the services the utilities provide in order to put the context of the rate study results into perspective. High-quality drinking water and sewer systems are essential to public health, business, and quality of life. When one considers everything that tap water delivers – safe drinking water, fire protection, support for the economy, the quality of life we enjoy, it is easier to compare water and sewer utility costs with monthly cable bills and cell phone bills to get a perspective on what it costs to have these utility services we often take for granted.

The American Water Works Association (AWWA), the water utility industry association, and other utility associations have documented the quantity of our water and sewer infrastructure that is aging and has determined that many communities must significantly increase their levels of investment in repair and rehabilitation of system components to protect public health and safety and to maintain environmental standards. In February, 2012, the AWWA released the most comprehensive-ever study on the need for re-investment in the nation's drinking water infrastructure, to address aging pipes and population shifts. Titled "Buried No Longer," the report evaluates drinking water infrastructure investment needs nationwide and covers the coming 25 to 40 year periods. Key findings include:

- **The needs are large.** The cost of replacing pipes at the end of their useful lives and addressing growth will total more than $1 trillion nationwide between 2011 and 2035 and exceed $1.7 trillion by 2050.
- **Household water bills will go up.** Although water bills will vary by community size and geographic region, for some communities the infrastructure costs alone could triple the size of a typical family's bill.
- **There are import differences based on system size.** As with many other costs, small communities with fewer people to share in the costs face the biggest challenge.
- **The costs keep coming.** Infrastructure renewal investments are likely to be incurred each year over several decades. For that reason, many utilities may choose to finance infrastructure replacement on a "pay-as-you-go" basis rather than through debt financing.
- **Postponing investment only makes the problem worse.** Postponing infrastructure investment in the near-term would raise the overall cost and increase the likelihood of water main breaks and other infrastructure failures.

Water and sewer infrastructure is aging and costing more and more each year to maintain, as well as to replace. Where does a utility begin the process of rehabilitation and replacement of

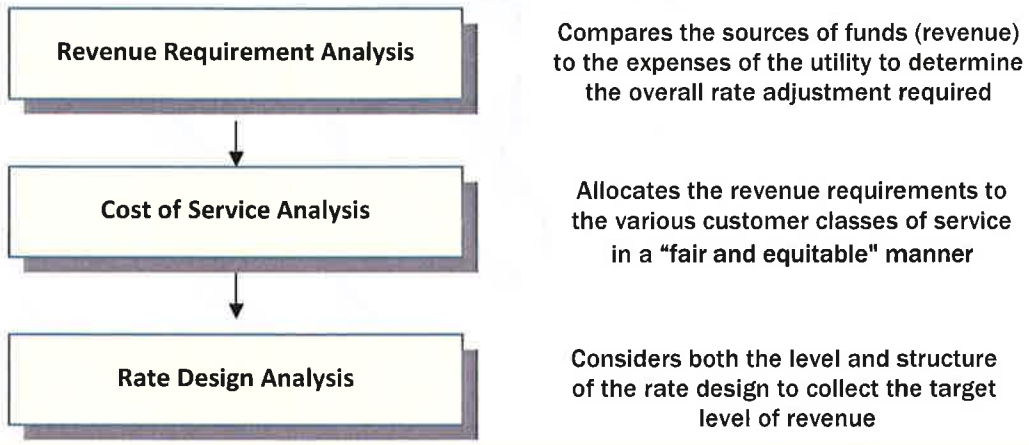
an infrastructure system? One approach is to initiate and manage a modern, methodical, and sustainable asset renewal process for the City's utilities. The findings of the rate study move the utilities in this direction, while balancing these needs with the rate impacts necessary to provide for proper management of the utilities.

These key findings of the AWWA study have also been determining factors in focusing the efforts in the utility rate study over the past year. The results of the analyses show that both the water and sewer utilities need rate adjustments, primarily to fully fund operations, infrastructure renewal and replacement, and to meet fire flow protection requirements. Lakeport is not alone in this reality. There are numerous utilities in California, and across the country, that need to adjust utility rates in order to properly fund and manage their systems in a prudent and responsible manner. A May 2011 Circle of Blue article noted that 30 major metropolitan areas within the U.S. had water rates that increased an average of 9% in 2010.

Overview of Rate Study Process

A comprehensive rate study consists of three interrelated analyses. They are a revenue requirement analysis, cost of service analysis and rate design analysis. Provided below in Figure ES-1 is a summary of these analyses.

Figure ES – 1
Overview of the Comprehensive of Rate Study Analyses



Each of the utilities was evaluated on a "stand-alone" basis. That is, no subsidies between either utility or other City fund should occur. By viewing the each utility on a stand-alone basis, the need to adequately fund both O&M and capital infrastructure must be balanced against the rate impacts to the utility's customers.

Summary of Study Results

In developing the revenue requirement, cost of service, and rate design analyses for each utility, several key assumptions and findings were made. These are as follows:

- The revenue requirements were developed for each utility for a six-year period of Fiscal year, (FY) 2012 – 2017.

- The City's FY 2012 budgets were used as a starting point in developing the rate models, with 2011 actual revenue and expenses available for comparison and projection purposes.
- Customer growth was estimated to be 0.0% through FY 2014, and 0.5% through the remainder of the test period.
- All expenses are escalated for inflation, ranging between 3% and 5%. Items escalated at 5% include: benefits, chemicals, fuel, and electricity.
- Revenues at present rates were calculated for FY 2012 based on actual customer data from FY 2010 and FY 2011 and the current water and sewer rate schedules.
- The revenue requirements for each utility attempts to provide funding for the following types of reserves, as required by some of the funding sources the City plans to use for capital projects:
  - ✓ **Operating Reserve of 15% of operating expenses** – Equates to 55 days of operating expenses. The purpose of this reserve is to provide cash flow during times of low revenue flow.
  - ✓ **Rate Stabilization/Debt Service Reserves equaling 2 months of rate revenue, or required bond reserve levels** – This reserve is intended to eventually provide the equivalent of annual debt payment for long-term debt issues to guarantee principle and interest payments.
  - ✓ **R&R/CIP Reserve targeting 5% of net capital assets** – Given three measures for targeting a renewal and replacement reserve, this target is the lowest when compared with 6-year average annual capital improvements, or 1 – 2% of original asset value. The purpose of this reserve is to ensure funding for any infrastructure replacement emergencies.
- There are various financial planning measures a utility can employ to ensure funding for infrastructure replacement. HDR recommends targeting a minimum level of annual depreciation expense on an annual basis. This level of funding allows for a utility's infrastructure to be replaced as it is deteriorating over time. Depreciation expense does not reflect actual replacement costs, so depreciation expense should always be seen as a minimum level of funding for capital renewal and replacement projects.
- Funding depreciation expense through rates also helps the utilities to meet the debt service coverage ratio requirements of the bond and loan covenants.
- Four alternative funding scenarios were developed for each utility to review the impacts of various levels of depreciation funding. The final recommended rate transition plan results in neither utility achieving the minimum funding level of full depreciation expense, but the scenarios offer options to move in this direction.

Water Utility Specific Findings

Revenue Requirement Analysis

- Using two different sets of data provided by the City, the revenues at present rates developed were $70,000 lower than the actual revenue received in 2011. Therefore, it appears some customer or consumption data may be missing from the data provided. This is one reason that cost of service results should be revised to reflect more accurate customer data prior to implementing interclass adjustments, as described below. Due to the variance, and the fact that revenue has come in close to budget projections and is on target to do so in FY 2012, HDR used the total budgeted revenue as provided by the City, and

allocated it to each customer class based on the portion of revenue calculated for each customer class within the revenues at present rates.

- During FY 2012 through FY 2015 available reserves are used to help fund operating and capital funding deficiencies. By FY 2017 reserves achieve the minimum levels, as noted above.
- Scenarios 1 funds only operations, existing debt and the reserves described above.
- Scenario 2, 3, and 4 fund the USDA and SRF funded projects, plus additional projects that are projected within the Utility's 2006 Master Plan. These Scenarios differ by the level of depreciation expense they are able to fund, with Scenario 4 funding the largest amount, but still not total depreciation expense.
- An additional $600,000 of debt (low-interest loans) is needed in order to fully fund the Master Plan replacement projects in the latter part of the test period.
- The City requested a 4-year implementation/phased-in approach to funding the total revenue requirement be developed. HDR recommends the 3-year approach be implemented because it meets the SRF requirement of 1.5% rate affordability test (presented at the end of this report) and it results in lower monthly rates in the long-term, while the increases are higher in the second and third years of implementation.

A summary of the water revenue requirement analysis for Scenario 3 is provided below in Table 1.

Table 1
Summary of the Water Revenue Requirements Analysis (000's)

	Actual	Budget			Projected		
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenues							
Rate Revenues	$1,150	$1,174	$1,174	$1,174	$1,177	$1,180	$1,183
Miscellaneous Revenues	120	107	91	92	93	94	96
Total Revenues	**$1,270**	**$1,281**	**$1,265**	**$1,266**	**$1,270**	**$1,274**	**$1,279**
Expenses							
Operations & Maintenance	$1,009	$1,145	$1,186	$1,229	$1,274	$1,321	$1,369
Transfers	0	42	44	46	49	51	54
Capital Funded Through Rates	9	9	45	75	105	135	165
Debt Service	254	254	254	254	564	570	591
Change in Working Capital +/-	(3)	(215)	(41)	29	(52)	157	194
Total Expenses	$1,269	$1,235	$1,489	$1,634	$1,940	$2,233	$2,372
Total Revenue Requirement	**$1,269**	**$1,235**	**$1,489**	**$1,634**	**$1,940**	**$2,233**	**$2,372**
Balance/(Deficiency) of Funds		$45	($224)	($368)	($670)	($960)	($1,094)
Plus: Bad Debt (4.0% of Rate Rev.)		**$46**	**$47**	**$47**	**$47**	**$47**	**$47**
Balance/(Deficiency) with Bad Debt		**($1)**	**($271)**	**($415)**	**($717)**	**($1,007)**	**($1,141)**

It should be noted that the balance or deficiencies in any single year are cumulative; any adjustments in the initial years will reduce the deficiency in the following years. Over the six-year period, rates need to be adjusted upwards in order to adequately and properly fund the water utility operations and capital improvements. The cumulative deficiency is $1.1 million, or nearly

100% of current rate revenue. This Scenario proposes the use of reserves, shown as negative values in the change in working capital line item, to help cover deficiencies through 2015. Then the reserves are replenished by FY 2017.

Table 1 reflects Scenario 3, funding two-thirds of annual depreciation expense, rather than one-third, or almost fully funding depreciation. This scenario also allows the utility to complete the USDA and SRF loan and grant funded improvements needed, along with other needed capital improvements later in the test period, as developed within the utility's 2006 Master Plan. These projects are replacement projects to provide fire flow projection and/or for renewal of pipelines in poor condition.

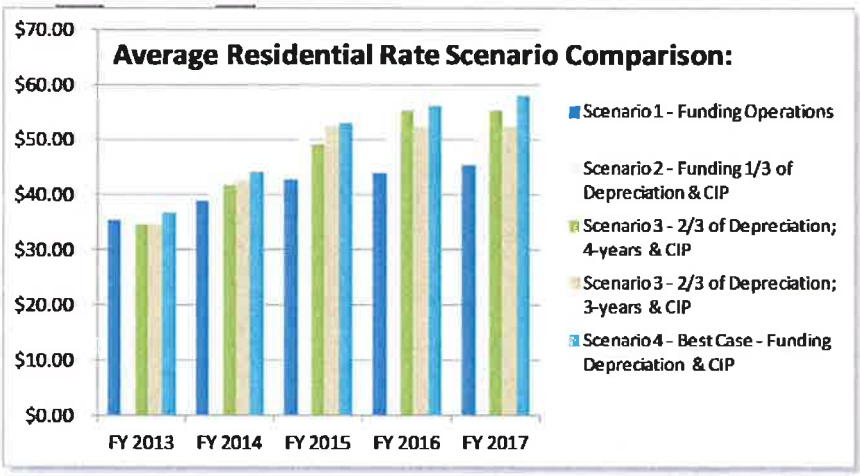
There is a four-year and a three-year implementation approach developed. The four-year implementation period provides a more gradual transition to fully funding the utility's essential operating and capital needs. However, the three-year implementation option slightly higher adjustments over a three year period, results in lower monthly rates overall, due to less use of reserves, so there is less need to replenish them in the latter part of the test period. This is presented in Table 2 below.

Table 2
Average Residential Water Bill* Adjustments – Two Options for Scenario 3

Implementation Option	Present Rate	FY 2013 July 2012	FY 2014 Jan 2014	FY 2015 Jan 2015	FY 2016 Jan 2016
Three-year Monthly Bill	**$28.25**	**$34.75**	**$42.75**	**$52.57**	**$52.57**
Monthly Bill Increase		$6.50	$8.00	$9.83	$0.00
Four-year Monthly Bill	**$28.25**	**$34.75**	**$41.70**	**$49.20**	**$55.50**
Monthly Bill Increase		$6.50	$6.95	$7.50	$6.30

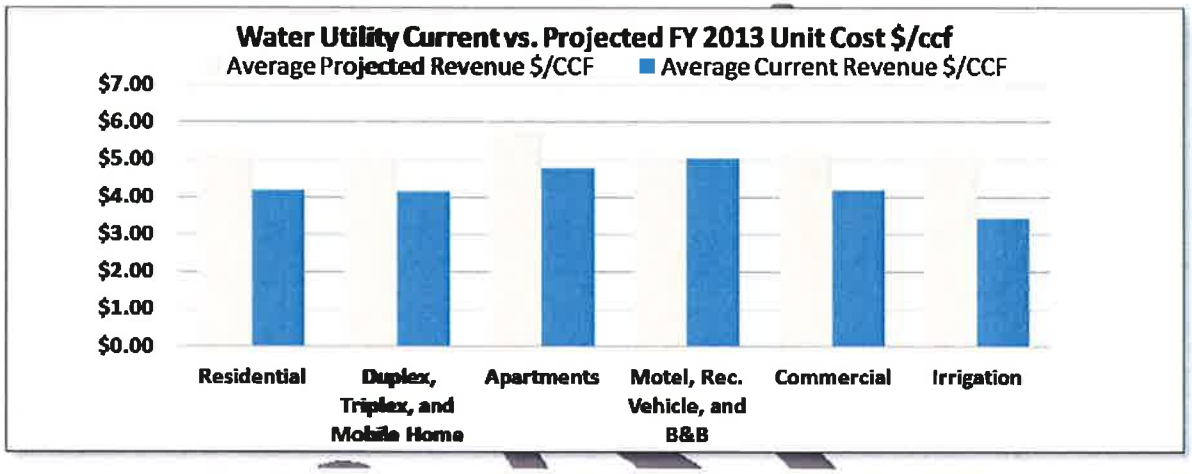
*Bill calculations assume 3/4-inch meter and 9 hundred cubic feet (ccf) of water usage, rate adjustments applied to existing rates.

It is clear that the three-year implementation option results in larger short-term increases which would minimize the average bill in the long-run while the four-year option will minimize the monthly rate increases, but increase the overall average monthly bill in the long-run. No rate adjustments are assumed for FY 2017 for either option. The figure below presents all four scenarios, with the three and four year options for Scenario 3.



Cost of Service Analysis

Cost of service results within 5%± the overall result are considered to be within cost of service. Based on the findings of the cost-of-service analyses conducted, all customer classes were within 5% of the overall results, with the exception of the motel/B7B customer class appearing to be slightly overpaying, while the irrigation customer class was slightly underpaying. With irrigation paying the rate rates by meter as other water customers, this would be expected. It is generally understood that irrigation customers contribute to demands on the system during peak periods. Therefore, they are allocated costs based on usage and peaking factors. This can be seen in the figure below.



As was noted earlier, there were concerns with the customer data HDR relied on to develop the cost of service analyses that could alter the results between customer classes. At the current time, given the level of rate adjustments required, the City's primary goal is to generate adequate revenue to fully fund operating and capital costs for the water utility, rates were therefore based on the results of the revenue requirement analysis. When cost of service interclass adjustments are implemented, rate impacts can be much greater than the overall average adjustment for some customers. Given the concerns with the cost of service analysis, and the necessary revenue adjustments, it is recommended that no cost of service adjustments be implemented at this time. It will be important to repeat a cost of service analysis in three to five years to determine if results are consistent with these cost of service results. At that time, the City can determine if the results dictate that interclass differences do exist and whether to make interclass adjustments.

Rate Design Analysis

The proposed rate designs were based on the results of the revenue requirement analysis. The water rates were designed to collect the targeted revenue as shown in the revenue requirement analysis. Rates were developed using "generally accepted" rate making methods and principles.

While designing rates, it was important to incorporate resource conservation goals that the City had in mind. Therefore, two rate designs were developed. The first rate option simply takes the existing rates and applies the necessary adjustments across the board to all customer classes and rate components.

- Two rate designs were developed for the water utility.
  - ✓ Option 1 applies the necessary adjustments to all rate components and all customer classes.
  - ✓ Option 2 adjusts the water allotment available within Tier 1 for each customer class. It also develops a third consumption Tier for the residential customer class to encourage efficient usage.

The existing and projected rate schedules are presented in the following tables.

Table 3
Present and Projected Residential Water Rates – Two Options for Scenario 3
4-year Implementation Approach

			PRESENT RATES	PROPOSED RATES July 1st 2012	Jan. 1st 2014	Jan. 1st 2015	Jan. 1st 2016	Jan. 1st 2017
RESIDENTIAL								
Meter Rate	**Allotments (CCF)**							
Option 1 -								
3/4"	0 - 10		$17.45	$21.60	$26.05	$30.90	$34.85	$34.85
1"	0 - 20		34.87	$43.20	$52.10	$61.80	69.70	69.70
Option 2 -								
3/4"			$17.45	$21.60	$26.05	$30.90	$34.85	$34.85
1"			$34.87	43.20	52.10	61.80	69.70	69.70
Outside Residential (60% of Residential metered rates)								
Option 1 -								
3/4"	0 - 10		$27.92	$34.55	$41.70	$49.45	$55.75	$55.75
1"	0 - 20		55.79	69.10	83.35	98.90	111.50	111.50
Option 2 -								
3/4"			$27.92	$34.55	$41.70	$49.45	$55.75	$55.75
1"			55.79	69.10	83.35	98.90	111.50	111.50
Consumption (per ccf)	**Allotments (CCF)**							
Option 1 -	0 - 10							
Tier 1	0 - 20		$1.20	$1.40	$1.68	$1.98	$2.23	$2.23
Tier 2			2.98	3.47	4.17	4.91	5.54	5.54
Option 2 -	3/4" Meter	1" Meter						
Tier 1	0 - 6	0 - 12	N/A	$1.20	$1.44	$1.70	$1.92	$1.92
Tier 2	7 - 12	13 - 24	N/A	2.10	2.52	2.98	3.36	3.36
Tier 3	Over 12	Over 24	N/A	3.72	4.46	5.27	5.94	5.94

Recommended Water Rates

Given the City's goal of providing a conservation incentive for its customers, Option 2 rates would appear to better meet that goal by lowering the Tier 1 allotment for each customer class, and provide the residential class with a third consumption Tier. Within both rate options, each customer class generates the appropriate level of revenue expected from that class of service, based on the revenue currently generated by each class of service. As noted previously, two rate transition plans were developed, a three-year and a four-year plan. The three year meets the SRF financial affordability test sooner, and results in lower rates in the long-run. However, the City requested that a four-year implementation plan be developed. Those rates are presented below. The City will need to determine whether to implement over a three or four-year period.

Table 4
Present and Projected Multi-unit and Commercial Water Rates
Two Options for Scenario 3, 4-year Implementation

			PRESENT RATES	PROPOSED RATES July 1st 2012	Jan. 1st 2014	Jan. 1st 2015	Jan. 1st 2016	Jan. 1st 2017
DUPLEX and MOBILE HOME								
Meter Rate	**Allotments (CCF)**							
each unit	0 - 8		$13.08	$16.20	$19.55	$23.15	$26.15	$26.15
Consumption (per ccf)	**Previous**	**New**						
Tier 1 each unit	0 - 8	0 - 5	$1.20	$1.40	$1.68	$1.98	$2.23	$2.23
Tier 2 each unit	> 8	> 5	2.98	3.47	4.17	4.91	5.54	5.54
APARTMENTS								
Meter Rate	**Allotments (CCF)**							
each unit	0 - 6		$10.47	$12.95	$15.65	$18.55	$20.90	$20.90
Consumption (per ccf)	**Previous**	**New**						
Tier 1 each unit	0 - 6	0 - 3	$1.20	$1.40	$1.68	$1.98	$2.23	$2.23
Tier 2 each unit	> 6	> 3	2.98	3.47	4.17	4.91	5.54	5.54
MOTEL and BED & BREAKFAST								
Meter Rate	**Allotments (CCF; each unit**							
	Previous	**New**						
per room w.o kitchen (5ccf)	0 - 5	0 - 3	$8.73	$10.80	$13.05	$15.45	$17.45	$17.45
per room w kitchen (6ccf)	0 - 6	0 - 4	$10.47	$12.95	$15.65	$18.55	$20.90	$20.90
Consumption (per ccf)								
Tier 1			$1.20	$1.40	$1.68	$1.98	$2.23	$2.23
Tier 2			2.98	3.47	4.17	4.91	5.54	5.54
COMMERCIAL & IRRIGATION								
Meter Rate	**Allotments (CCF; each unit**							
	Previous	**New**						
3/4"	0 - 10	0 - 6	$17.45	$21.60	$26.05	$30.90	$34.85	$34.85
1"	0 - 20	0 - 12	34.87	43.20	52.10	61.80	69.70	69.70
1.5"	0 - 40	0 - 24	72.64	89.90	108.45	128.65	145.10	145.10
2"	0 - 60	0 - 36	104.60	129.50	156.15	185.20	208.90	208.90
3"	0 - 120	0 - 72	209.31	259.10	312.45	370.65	418.10	418.10
4"	0 - 200	0 - 120	348.86	431.85	520.80	617.75	696.80	696.80
6"	0 - 385	0 - 230	671.47	831.15	1,002.40	1,189.00	1,341.20	1,341.20
Consumption (per ccf)								
Tier 1			$1.20	$1.40	$1.68	$1.98	$2.23	$2.23
Tier 2			2.98	3.47	4.17	4.91	5.54	5.54

Sewer Utility Specific Findings

The sewer utility rate study process was very similar to the water utility rate process.

Revenue Requirement Analysis

The findings of the sewer revenue requirement analysis are provided below.

- Using two different sets of data provided by the City, the revenues at present rates developed were $40,000 lower than the budgeted revenue for FY 2012. Because YTD revenue is tracking close to the FY 2012 budgeted revenue, and that is also close to the FY 2011 actual revenue, HDR used the FY 2012 budgeted revenue as a base for projections, and allocated it to each customer class based on the portion of revenue calculated for each customer class within the revenues at present rates.
- Similar to the water utility, between FY 2012 and FY 2015 operating reserves are used to help cover operating and capital funding deficiencies. By FY 2017 all reserves achieve the minimum levels, as described earlier.
- Scenarios 1 funds only operations, existing debt and the reserves described above.
- Scenario 2, 3, and 4 fund the USDA funded projects, plus additional projects that are projected within the utility's last Master Plan. These Scenarios differ by the level of depreciation expense they are able to fund, with Scenario 4 funding the largest amount, but still not total depreciation expense. FY 2011 depreciation was $627,000 and Scenario 4 gradually achieves approximately 50% of depreciation expense funding, or a maximum of $350,000 by FY 2017.
- Funding depreciation expense from rates also helps the utility to meet the debt service coverage ratio requirements.
- An additional $1.5 million of debt (assumed low-interest loans) is needed in order to complete the Master Plan capital projects including replacement and parallel projects and the Inflow and Infiltration (I/I) project improvements in the latter part of the test period.
- The City's goal in designing rates is to have the same service charge throughout the City for each customer class. HDR developed a rate design that phases-in this goal over a three year period.

A summary of the sewer revenue requirement analysis for Scenario 3 is provided below in Table 5.

Table 5 Summary of the Sewer Revenue Requirements Analysis (000's)						
	Budget		Projected			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Rate Revenues	$1,505	$1,505	$1,505	$1,508	$1,512	$1,516
Miscellaneous Revenues	194	194	194	195	196	196
Total Revenues	**$1,699**	**$1,698**	**$1,699**	**$1,703**	**$1,708**	**$1,712**
Expenses						
Operations & Maintenance	$1,473	$1,526	$1,582	$1,640	$1,701	$1,763
Transfers	135	137	140	142	145	147
Capital Funded Through Rates	40	64	110	155	185	235
Debt Service	187	190	188	312	341	376
Change in Working Capital +/-	(201)	52	116	166	249	197
Total Expenses	$1,634	$1,970	$2,135	$2,415	$2,621	$2,719
Total Revenue Requirement	**$1,634**	**$1,970**	**$2,135**	**$2,415**	**$2,621**	**$2,719**
Balance/(Deficiency) of Funds	$64	($271)	($437)	($713)	($914)	($1,006)
Plus: Bad Debt (4.0% of Rate Rev.)	**$58**	**$60**	**$60**	**$60**	**$60**	**$60**
Balance/(Deficiency) with Bad Debt	**$7**	**($331)**	**($497)**	**($773)**	**($974)**	**($1,067)**

Again, the deficiencies are cumulative. Any rate adjustments made in the earlier years reduce the overall deficiency. Over the six-year period, rates need to be adjusted upwards in order to adequately and properly fund the sewer utility operations and capital improvements. The cumulative deficiency is just under $1.1 million with the bad debt (unpaid bills) included. This Scenario (3) proposes the use of operating reserves to help cover deficiencies through FY 2015. Then the operating reserves are replenished by FY 2017. Through the entire test period, the other reserves are gradually funded.

The results in Table 4 reflect Scenario 3, funding two-thirds of annual depreciation expense. This scenario also allows the utility to complete the USDA loan funded improvements needed, along with other needed capital improvements later in the test period, as developed within the utility's latest Master Plan. These are the replacement and parallel projects, along with the I/I reduction projects.

Similar to the water rate transition plan, a three-year and a four-year implementation approach has been developed. The four-year implementation period provides a more gradual transition to fully funding the utility's necessary operating and capital needs. However, the three-year implementation option with slightly higher adjustments over a three year period, results in lower monthly rates over the long-term. This is due to less need to replenish reserves because the rates are more fully funding the operating and capital costs in each year. This is presented in Table 6 below.

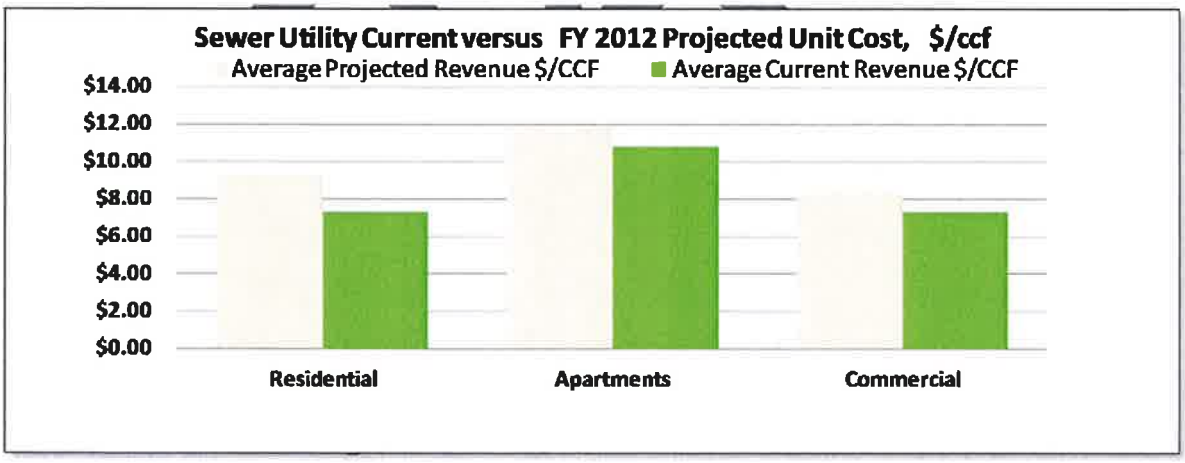
Table 6 Average Residential Sewer Bill* Adjustments – Two Options for Scenario 3					
Implementation Option	**Present Rate**	**FY 2013** July 2012	**FY 2014** Jan 2014	**FY 2015** Jan 2015	**FY 2016** Jan 2016
Three-year, Monthly Bill	**$46.79**	**$56.50**	**$65.10**	**$73.65**	**$73.65**
Monthly Bill Increase		$9.71	$8.60	$8.55	$0.00
Four-year, Monthly Bill	**$46.79**	**$56.50**	**$65.65**	**$71.00**	**$76.35**
Monthly Bill Increase		$9.71	$9.15	$5.35	$5.35

*Bill calculations assume 3/4-inch meter and 9 hundred cubic feet (ccf) of water usage.

The three-year implementation option has short-term pain in FY 2015 for long term gain with overall rates lower each month in the long-run. No rate adjustments are assumed for FY 2017 for either option.

Cost of Service Analysis

Cost of service results within 5%± the overall adjustment needed are considered to be within cost of service. Based upon the findings of the cost-of-service analyses conducted, two of the three customer classes were within 5% of the overall results, with the exception of the apartment customer class. They appear to be slightly overpaying. This can be seen in the figure below, where the differential between projected revenue and current revenue is less than the other two customer classes.



As was noted earlier, there were concerns with the accuracy of the data used to develop the cost of service analysis that could alter the results between customer classes. With the City's primary goal to generate adequate revenue to fully fund operating and capital costs, rates were therefore based on the results of the revenue requirement analysis. When cost of service interclass adjustments are implemented, rate impacts can be much greater than the overall average adjustment. Because the revenue requirement deficiencies are significant, it was determined the best course of action is to generate adequate revenue for the utility at this time. The cost of service represents usage and customer characteristics of a certain point in time. It is

important to repeat cost of service analyses every three to five years to determine if results are consistent. At that time, the City can determine if interclass differences do exist.

Rate Design Analysis

Rate design, was therefore, based upon the results of the revenue requirement analysis. Cost-based rates were designed to collect the targeted revenue as shown in the revenue requirement analysis. Rates were developed using "generally accepted" rate making methods and principles.

The City's primary rate design goal was to bring customer throughout the City into the same rate schedule. This can ease customer understanding and rate administration. Therefore, two rate designs were developed. The first rate option simply takes the existing rates and applies the necessary adjustments across the board to all customer classes and rate components.

- Two rate designs were developed for the utility.
  - ✓ Option 1 applies the necessary adjustments to all rate components and all customer classes
  - ✓ Option 2 over a three year period rates move closer together for the north and south customers. By FY 2015 all customers within each customer class are paying the same rate as customers throughout the City's service area.

The existing and Option 1 rate schedules are presented below. Option 1 applies the necessary adjustments to existing rates to generate adequate revenue each year.

Table 7
Sewer Utility Present and Projected Option 1 Rates (Existing Rate Design)
Four-year Implementation

	PRESENT RATES	OPTION 1 - PROPOSED RATES				
		July 1st 2012	Jan. 1st 2014	Jan. 1st 2015	Jan. 1st 2016	Jan. 1st 2017
RESIDENTIAL						
Meter Rate						
Meter Size	Mo. Rate					
North Customers*	$35.41	$52.70	$60.50	$65.60	$70.50	$70.50
South Customers	$46.79	$57.10	$67.40	$74.15	$79.70	$79.70
APARTMENTS						
Meter Rate						
Meter Size	Mo. Rate					
North Customers*	$26.57	$41.90	$47.75	$51.60	$55.45	$55.45
South Customers	$36.05	$44.00	$51.90	$57.10	$61.40	$61.40
COMMERCIAL						
Meter Rate						
Meter Size	Mo. Rate					
North Customers*	$35.41	$52.70	$60.50	$65.60	$70.50	$70.50
South Customers	$46.79	$57.10	$67.40	$74.15	$79.70	$79.70
Consumption (per ccf)						
0 - 8 CCF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Above 8 CCF	5.36	6.54	7.72	8.49	9.13	9.13

*Includes $9.50/month payment for Basin 2000.

The rates in Table 8 below present Option 2 rates, showing the three-year transition of rates for the north and south areas gradually merging into the same rate City-wide, by customer class, by

FY 2015. Again, the four-year implementation time period is presented, as requested by City staff.

Table 8
Sewer Utility Present and Projected Rates – Option 2;
Four year Implementation

	PRESENT RATES	PROPOSED RATES July 1st 2012	Jan. 1st 2014	Jan. 1st 2015	Jan. 1st 2016	Jan. 1st 2017
RESIDENTIAL						
Meter Rate						
Meter Size	Mo. Rate					
North Customers*	$35.41	$53.90	$62.90	$71.00	$76.35	$76.35
South Customers	$46.79	$56.50	$65.65	$71.00	$76.35	$76.35
APARTMENTS						
Meter Rate						
Meter Size	Mo. Rate					
North Customers*	$26.57	$43.17	$50.25	$55.10	$59.25	$59.25
South Customers	$36.05	$43.50	$50.75	$55.10	$59.25	$59.25
COMMERCIAL						
Meter Rate						
Meter Size	Mo. Rate					
North Customers*	$35.41	$53.90	$62.90	$71.00	$76.35	$76.35
South Customers	$46.79	$56.50	$65.65	$71.00	$76.35	$76.35
Consumption (per ccf)						
0 - 8 CCF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Above 8 CCF	5.36	6.54	7.72	8.49	9.13	9.13

*Includes $9.50/month payment for Basin 2000.

Affordability

The City of Lakeport is designated as a disadvantaged community. As such, it is eligible for more grant funding and lower interest loans for some capital projects, especially if rates begin to reach an affordability level. Various government agencies consider individual utility rates between 1.5% and 2.5% of the median household income to be an affordability issue. This level of rate typically qualifies a jurisdiction for better capital project funding. For example, if the water rate is 1.5% of the median household income, the City can qualify for the SRF project funding. In this case, it would be advantageous to the City's water customers to implement the 3-year rate implementation because once the debt payments for the projects begin the rate has reached the 1.5% affordability level, as shown below.

Additional advantages of this approach include the average residential rate remaining almost $3.00/month lower for more than one year than with the four-year implementation option. Other customer classes would also have similar lower rates with the three-year implementation option.

City of Lakeport
Review of Utility Rate Affordability

		Range of Affordability		
		1.50%	2.00%	2.50%
Median Household Income	$41,064			
Annual Bill at Affordability Limit		$615.96	$821.28	$1,026.60
Monthly Bill at Affordability Limit		$51.33	$68.44	$85.55
Water Utility - 4-year rate adjustment scenario				
Residential rate: 3/4" meter, 9 ccf usage: 2011 was $28.25				
Rate - FY 2013	**$34.75**	Pass	Pass	Pass
Percentage of median household income	**1.02%**			
Rate - FY 2014	**$41.70**	Pass	Pass	Pass
Percentage of median household income	**1.22%**			
Rate - FY 2015	**$49.21**	Pass	Pass	Pass
Percentage of median household income	**1.44%**			
Rate - FY 2016	**$55.50**	Fail	Pass	Pass
Percentage of median household income	**1.62%**			
Water Utility - 3-year rate adjustment scenario				
Residential rate: 3/4" meter, 9 ccf usage: 2011 was $28.25				
Rate - FY 2013	**$34.75**	Pass	Pass	Pass
Percentage of median household income	**1.02%**			
Rate - FY 2014	**$42.74**	Pass	Pass	Pass
Percentage of median household income	**1.25%**			
Rate - FY 2015	**$52.57**	Fail	Pass	Pass
Percentage of median household income	**1.54%**			
Rate - FY 2016	**$52.57**	Fail	Pass	Pass
Percentage of median household income	**1.54%**			

The City provided the median household income. No adjustment or increase was made to the median household income in calculating the percentage of household income in future years.

For sewer, it is a similar issue, though the City's sewer existing rates are already at 1.4% of median household income. All rate adjustment scenarios meet the 1.5% test and in the last two years (FY 2015 and 2016) the rates will meet the 2% affordability test, as shown below.

City of Lakeport
Review of Utility Rate Affordability

		Range of Affordability		
		1.50%	2.00%	2.50%
Median Household Income	$41,064			
Annual Bill at Affordability Limit		$615.96	$821.28	$1,026.60
Monthly Bill at Affordability Limit		$51.33	$68.44	$85.55
Sewer Utility - 3-year rate adjustment scenario				
Residential rate: Southside Customer - 2011 was $46.79				
Rate - FY 2013	**$57.08**	Fail	Pass	Pass
Percentage of median household income	**1.67%**			
Rate - FY 2014	**$67.36**	Fail	Pass	Pass
Percentage of median household income	**1.97%**			
Rate - FY 2015	**$78.47**	Fail	Fail	Pass
Percentage of median household income	**2.29%**			
Rate - FY 2016	**$78.47**	Fail	Fail	Pass
Percentage of median household income	**2.29%**			
Sewer Utility - 4-year rate adjustment scenario				
Residential rate: Southside Customer - 2011 was $46.79				
Rate - FY 2013	**$57.08**	Fail	Pass	Pass
Percentage of median household income	**1.67%**			
Rate - FY 2014	**$67.36**	Fail	Pass	Pass
Percentage of median household income	**1.97%**			
Rate - FY 2015	**$74.09**	Fail	Fail	Pass
Percentage of median household income	**2.17%**			
Rate - FY 2016	**$79.65**	Fail	Fail	Pass
Percentage of median household income	**2.33%**			

In these circumstances, when rates fail the affordability tests, one rate option some utilities implement is a low-income senior/disabled rate which is discounted from the regular utility rate. Discounts typically range from 15% to 75% reduction. This provides some rate relief to those most in need. The ways to implement such a rate are many. Funding can be from customer donations, social service agencies, general fund, etc. By implementing Option 2 rates for the water customers, with lower rates in the lower use Tiers, the rate structure itself gives low water users a way to keep their bills lower. Low-income seniors typically fit a low water use profile. For sewer customers, because the rate is a flat rate for residential customers, as the rates increase, a discount for low-income/fixed income households may become more important. Should the City decide to pursue this rate option, HDR can provide rate alternatives for consideration.

Summary

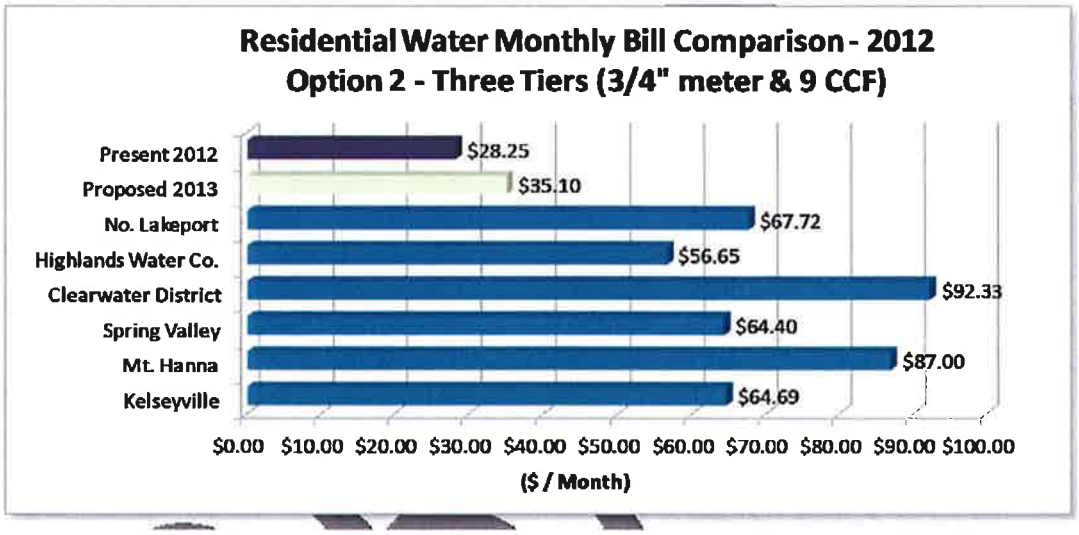
These rate studies were developed using "generally accepting" accounting and rate-setting principles and guidelines. The results of the rate studies for both utilities indicate that each utility is significantly deficient for the projected time period reviewed, through FY 2017. Rates are based on revenue requirement results, not implementing any cost of service adjustments at this time. A cost of service analysis should be repeated in three to five years to determine if any interclass differences exist.

All rate implementation scenarios, except Scenario 1, transition the utilities into a more sustainable operating environment of prudent management, where current rate revenue can support current operations as well as certain levels of needed capital improvements. That level of support varies by Scenario. Scenarios 3 and 4 help the utilities move to a position where the utilities' infrastructure can be maintained and managed in a prudent and proper way to allow the utilities to continue to provide the services into the future, by maintaining the infrastructure and facilities that provide these services in an on-going process.

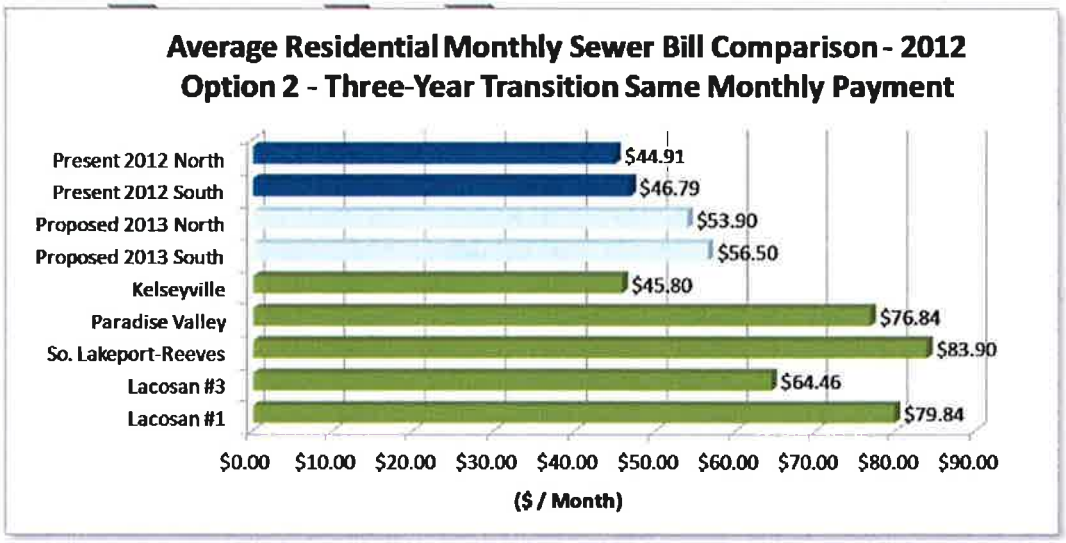
The implementation of the Scenario 3, Option 2 proposed rate adjustments should generate the additional revenue needed to meet each utility's operating and capital needs, along with the financial test requirements of the capital project funding agencies. These rate options also bring more equity to all customers in the sewer utility, and provide a stronger conservation signal for the water utility rates, along with the flexibility to manage ones utility bill. For the water utility, either the three-year implementation option for Scenario 3 or Scenario 4 is needed to meet the SRF funding agency requirement of rates at 1.5% of median household income.

Rate Comparison

A rate comparison was requested by the City. It is important to remember, when viewing bill comparisons with other utilities that rate comparisons are often like comparing apples and oranges. Each utility has different operating characteristics, procedures, customer mix, regulatory requirements, governing board decision making policies and practices, and so on. There is also no information collected about when these utilities last updated their rates. However, sometimes a view of rate comparisons can provide perspective of one utility's rates compared to others. The distinguishing operating and infrastructure condition factors must be considered as well. Provided below are comparisons of the City's current and proposed FY 2013 rates with FY 2012 rates of several surrounding utilities.



The rate comparison for sewer utilities is provided below, using Option 2 rates.



City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 1
SUMMARY OF THE REVENUE REQUIREMENT

	Actual	Budget	Projected				
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenues							
Rate Revenues	$1,150,341	$1,174,000	$1,174,000	$1,174,000	$1,176,935	$1,179,877	$1,182,827
Miscellaneous Revenues	119,871	106,576	91,071	91,940	92,712	93,896	95,891
Total Revenues	$1,270,212	$1,280,576	$1,265,071	$1,265,940	$1,269,647	$1,273,773	$1,278,718
Expenses							
Operations and Maintenance Expense	$1,008,880	$1,144,949	$1,186,420	$1,229,492	$1,274,230	$1,320,703	$1,368,982
Transfers	0	42,000	44,100	46,305	48,620	51,051	53,604
Capital Funded Through Rates	9,300	9,300	45,000	75,000	105,000	135,000	165,000
Debt Service	254,159	254,069	253,884	254,093	564,023	569,617	590,571
Change in Working Capital +/-	(3,106)	(215,048)	(40,644)	29,103	(52,131)	157,058	194,267
Total Expenses	$1,269,233	$1,235,270	$1,488,760	$1,633,993	$1,939,742	$2,233,428	$2,372,423
Total Revenue Requirement	**$1,269,233**	**$1,235,270**	**$1,488,760**	**$1,633,993**	**$1,939,742**	**$2,233,428**	**$2,372,423**
Balance/(Deficiency) of Funds	$979	$45,306	($223,689)	($368,053)	($670,095)	($959,655)	($1,093,705)
Incr. as a % of Pres. Rates	-0.1%	-3.9%	19.1%	31.4%	56.9%	81.3%	92.5%
Plus: Bad Debt (4.0% of Rate Rev.)	**$0**	**$46,014**	**$46,960**	**$46,960**	**$46,960**	**$47,077**	**$47,195**
Balance/(Deficiency) with Bad Debt	**$979**	**($707)**	**($270,649)**	**($415,013)**	**($717,055)**	**($1,006,732)**	**($1,140,900)**
Incr. as a % of Rate Rev. w/ Bad Debt	**-0.1%**	**0.1%**	**23.1%**	**35.4%**	**60.9%**	**85.3%**	**96.5%**
Proposed Rate Adjustments	**0.0%**	**0.0%**	**23.0%**	**20.0%**	**18.0%**	**12.8%**	**0.0%**
Additional Revenue from Adjustment	**$0**	**$0**	**$270,020**	**$414,422**	**$716,565**	**$1,006,609**	**$1,140,973**
Total Balance/(Deficiency) of Funds	**$979**	**($707)**	**($629)**	**($591)**	**($489)**	**($123)**	**$72**
Additional Rate Adjustment Required	**-0.1%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Average Residential Rate - $/ Month		**$28.25**					
After CPI Rate Adjustment - January 1st implementation		$28.25	$28.25	$34.75	$41.70	$49.20	$55.50
After Proposed Rate Adjustment - January 1st implementation			$34.75	$41.70	$49.20	$55.50	$55.50
Debt Service Coverage Ratio							
Before Rate Adjustment	1.03	0.53	0.31	0.14	0.00	0.00	0.00
After Proposed Rate Adjustment	1.03	0.53	1.37	1.77	1.26	1.68	1.78

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 2
ESCALATION FACTORS

	Actual	Budget	Projected					
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	*Notes*
Rate Implemenation Date								
Current Rates	N/A	N/A	1	2	2	2	2	1=July FY; 2=Jan FY
Proposed Rates	N/A	N/A	1	2	2	2	2	1=July FY; 2=Jan FY
Revenues								
Rate Revenues [1]	Actual	Calculated	0.0%	0.0%	0.0%	0.0%	0.0%	
Miscellaneous Revenues	Actual	Budget	1.0%	1.0%	1.0%	1.0%	1.0%	
Growth	Actual	Budget	0.0%	0.0%	0.5%	0.5%	0.5%	
Expenses								
Labor	Actual	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Benefits	Actual	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Materials & Supplies	Actual	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Chemicals	Actual	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Fuel	Actual	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Equipment	Actual	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Energy	Actual	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Utilities	Actual	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Miscellaneous	Actual	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Transfers	Actual	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Bad Debt	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
Interest	0.2%	0.4%	0.4%	0.5%	0.8%	1.0%	1.0%	
Current USDA Loan								
Year	40	40	40	40	40	40	40	
Interest Rate	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	
SRF Loan								
Year	20	20	20	20	20	20	20	
Interest Rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Future USDA Loan								
Year	40	40	40	40	40	40	40	
Interest Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	

Notes:
[1] Based on the third quarter reporting period San Francisco Bay CPI

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 3
SOURCES AND APPLICATIONS OF FUNDS

	Actual	Budget	Projected					
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	*Notes:*
REVENUES								
Rate Revenues [2] [3]								
Residential	$670,897	$684,696	$684,696	$684,696	$686,407	$688,123	$689,844	As Rate Revenues [1]
Duplex, Triplex, and Mobile Home	91,496	93,378	93,378	93,378	93,611	93,845	94,080	As Rate Revenues [1]
Apartments	30,460	31,087	31,087	31,087	31,165	31,242	31,321	As Rate Revenues [1]
Motel, Rec. Vehicle, and B&B	23,342	23,822	23,822	23,822	23,882	23,941	24,001	As Rate Revenues [1]
Commercial	276,514	282,202	282,202	282,202	282,907	283,614	284,323	As Rate Revenues [1]
Irrigation	57,631	58,816	58,816	58,816	58,963	59,111	59,258	As Rate Revenues [1]
Total Rate Revenues	$1,150,341	$1,174,000	$1,174,000	$1,174,000	$1,176,935	$1,179,877	$1,182,827	
Other Revenues								
Connection Fees	$1,000	$500	$505	$510	$515	$520	$526	As Miscellaneous Revenues
Sundry	0	100	101	102	103	104	105	As Miscellaneous Revenues
Non-Operating Revenue	5,544	0	0	0	0	0	0	As Miscellaneous Revenues
Miscellaneous Fees	108,243	105,000	90,000	90,900	91,809	92,727	93,654	As Miscellaneous Revenues
Interest Income	5,084	976	465	428	285	545	1,606	Calculated
Total Other Revenues	$119,871	$106,576	$91,071	$91,940	$92,712	$93,896	$95,891	
TOTAL REVENUES	**$1,270,212**	**$1,280,576**	**$1,265,071**	**$1,265,940**	**$1,269,647**	**$1,273,773**	**$1,278,718**	

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 3
SOURCES AND APPLICATIONS OF FUNDS

	Actual	Budget	Projected					
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	*Notes:*
OPERATIONS AND MAINTENANCE EXPENSE								
Water Utility (501)								
Salaries [4]	$458,730	$445,618	$458,986	$472,756	$486,939	$501,547	$516,593	As Labor
Benefits	217,511	211,294	221,859	232,952	244,599	256,829	269,671	As Benefits
Materials and Supplies	326,675	324,476	334,210	344,237	354,564	365,201	376,157	As Materials & Supplies
Chemicals	0	40,000	42,000	44,100	46,305	48,620	51,051	As Chemicals
Fuel	0	10,000	10,300	10,609	10,927	11,255	11,593	As Fuel
Energy	0	104,860	110,103	115,608	121,389	127,458	133,831	As Energy
Travel and Training	5,337	7,786	8,019	8,260	8,508	8,763	9,026	As Miscellaneous
Other [5]	627	916	942	970	999	1,029	1,060	As Miscellaneous
Total Water Utility (501)	$1,008,880	$1,144,949	$1,186,420	$1,229,492	$1,274,230	$1,320,703	$1,368,982	
TOTAL O&M EXPENSES	**$1,008,880**	**$1,144,949**	**$1,186,420**	**$1,229,492**	**$1,274,230**	**$1,320,703**	**$1,368,982**	
Transfers								
Transfer Out	$0	$42,000	$44,100	$46,305	$48,620	$51,051	$53,604	As Transfers
Total Transfers	$0	$42,000	$44,100	$46,305	$48,620	$51,051	$53,604	
CAPITAL FUNDED THROUGH RATES (Exh. 4)	**$9,300**	**$9,300**	**$45,000**	**$75,000**	**$105,000**	**$135,000**	**$165,000**	Approx. Deprec. $250K for FY '12
Debt Service								
1998 Water Project - Series 2000	$171,939	$171,849	$171,664	$171,872	$171,473	$171,468	$171,831	Debt Service Schedule
Refunding of 1993 Water Loan	82,221	82,221	82,221	82,221	82,221	82,221	82,221	Debt Service Schedule
USDA Loan $4.6M [6]	0	0	0	0	175,784	175,784	175,784	Calculated at 40 years; 2.2%
SRF Loan [6]	0	0	0	0	134,545	134,545	134,545	Calculated at 20 years; 2%
New Debt Service	0	0	0	0	0	5,600	26,190	Calculated at 40 years; 3%
Total Debt Service	$254,159	$254,069	$253,884	$254,093	$564,023	$569,617	$590,571	
Change in Working Capital +/-								
Transfers To - Operating Reserve	($3,106)	($215,048)	($40,644)	($20,897)	($74,131)	$107,058	$105,267	
Transfers To - Rate Stabilization/Debt Service Reserve	0	0	0	0	0	0	0	
Transfers To - R&R/CIP Reserve	0	0	0	50,000	22,000	50,000	89,000	
Total Transfers to Reserves	($3,106)	($215,048)	($40,644)	$29,103	($52,131)	$157,058	$194,267	

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 3
SOURCES AND APPLICATIONS OF FUNDS

	Actual	Budget	Projected					
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	*Notes:*
TOTAL REVENUE REQUIREMENT	**$1,269,233**	**$1,235,270**	**$1,488,760**	**$1,633,993**	**$1,939,742**	**$2,233,428**	**$2,372,423**	
Balance/(Deficiency) of Funds	$979	$45,306	($223,689)	($368,053)	($670,095)	($959,655)	($1,093,705)	
Incr. as a % of Pres. Rates	-0.1%	-3.9%	19.1%	31.4%	56.9%	81.3%	92.5%	
Plus: Bad Debt (4.0% of Rate Rev. per year)	**$0**	**$46,014**	**$46,960**	**$46,960**	**$46,960**	**$47,077**	**$47,195**	As Bad Debt
Balance/(Deficiency) Including Bad Debt	**$979**	**($707)**	**($270,649)**	**($415,013)**	**($717,055)**	**($1,006,732)**	**($1,140,900)**	
Incr. as a % of Pres. Rates with Bad Debt	**-0.1%**	**0.1%**	**23.1%**	**35.4%**	**60.9%**	**85.3%**	**96.5%**	
			July 1st 2012	**Jan 1st 2014**	**Jan 1st 2015**	**Jan 1st 2016**	**Jan 1st 2017**	
Proposed Rate Adjustment - Jan. 1st	**0.0%**	**0.0%**	**23.0%**	**20.0%**	**18.0%**	**12.8%**	**0.0%**	
Additional Revenue from Rate Increase	**$0**	**$0**	**$270,020**	**$414,422**	**$716,565**	**$1,006,609**	**$1,140,973**	
Balance/Deficiency of Funds	**$979**	**($707)**	**($629)**	**($591)**	**($489)**	**($123)**	**$72**	
Deficiency as a % of Rate Revenues	**-0.1%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	

Notes:
[1] CPI increases are applied to expenses, if CPI exceeds the 3% for general expenses and fuel and 5% for chemicals and electric costs per the third quarter reporting period San Francisco Bay CPI, then CPI can be adjusted.
[2] Rate adjustment is implemented January 1st each year.
[3] Projected rate revenues include growth.
[4] Salaries and Benefits were combined in the 2011 Actuals report and 2012 budget. Each sum was separtated based on the 2011 financial statement salaries and benefits split.
[5] Includes Property Tax Assestments.
[6] Estimated for payments to begin after project is completed.

Average Residential Rate - $/ Month		$28.25 (Includes monthly service charge + 9 CCF)						
After CPI Rate Adjustment - January 1st implementation		$28.25	$28.25	$34.75	$41.70	$49.20	$55.50	
After Proposed Rate Adjustment - January 1st implementation		$28.25	$34.75	$41.70	$49.20	$55.50	$55.50	
Monthly $ Difference		$0.00	$6.50	$6.95	$7.51	$6.30	$0.00	
Debt Service Coverage Ratio								
Before Rate Adjustment	1.03	0.53	0.31	0.14	0.00	0.00	0.00	Minimum 1.25
After Proposed Rate Adjustment	1.03	0.53	1.37	1.77	1.26	1.68	1.78	Minimum 1.25

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 3
SOURCES AND APPLICATIONS OF FUNDS

	Actual	Budget	Projected					
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	*Notes:*
Operating Reserve								
Beginning Fund Balance	$354,753	$351,647	$136,599	$95,955	$75,058	$927	$107,984	
Plus: To Operating Reserve	(3,106)	(215,048)	(40,644)	(20,897)	(74,131)	107,058	105,267	
Transfers to Capital Reserve	0	0	0	0	0	0	0	
Less: Capital From Rates	0	0	0	0	0	0	0	
Ending Reserve Balance	$351,647	$136,599	$95,955	$75,058	$927	$107,984	$213,251	
Target Reserve = 15% Oper. Expenses	*$151,000*	*$172,000*	*$178,000*	*$184,000*	*$191,000*	*$198,000*	*$205,000*	
Rate Stabilization/Debt Service Reserve								
Beginning Fund Balance	$263,340	$263,867	$264,922	$265,982	$267,312	$269,317	$272,010	
Transfer In from Operations	0	0	0	0	0	0	0	
Interest Earnings	527	1,055	1,060	1,330	2,005	2,693	2,720	
Use of Reserves	0	0	0	0	0	0	0	
Ending Reserve Balance	$263,867	$264,922	$265,982	$267,312	$269,317	$272,010	$274,730	
Target Reserve = Min. 263,340 Debt Reserve	*$189,000*	*$193,000*	*$193,000*	*$193,000*	*$193,000*	*$194,000*	*$194,000*	
R&R/CIP Reserve								
Beginning Fund Balance	$0	$0	$0	$0	$50,000	$72,458	$123,432	
Transfer In from Operations	0	0	0	50,000	22,000	50,000	89,000	
Interest Earnings	0	0	0	0	458	975	1,679	
Use of Reserves	0	0	0	0	0	0	0	
Ending Reserve Balance	$0	$0	$0	$50,000	$72,458	$123,432	$214,111	
Target Reserve = 5% of Capital Assets [1]	*$203,000*	*$203,000*	*$203,000*	*$203,000*	*$203,000*	*$203,000*	*$203,000*	
Total Cash Reserves	**$615,513**	**$401,521**	**$361,936**	**$392,369**	**$342,701**	**$503,426**	**$702,093**	
Total Target Cash Reserves	$543,000	$568,000	$574,000	$580,000	$587,000	$595,000	$602,000	
Balance/(Deficiency) of Reserves	$72,513	($166,479)	($212,064)	($187,631)	($244,299)	($91,574)	$100,093	
Water Expansion Fund								
Beginning Fund Balance	$0	$315,928	$77,714	$88,045	$98,510	$109,286	$120,429	
Capital Outlay/CIP (Fund 502)	0	(250,000)	0	0	0	0	0	
Revenue (Interest Earnings)	0	786	331	465	776	1,143	1,254	
Expansion Fees	0	11,000	10,000	10,000	10,000	10,000	10,000	
Ending Fund Balance	$0	$77,714	$88,045	$98,510	$109,286	$120,429	$131,683	

[1] Capital Assets, Net of Depreciation, from the City's Statement of Net Assets, Year-Ended June 30, 2011, page 21.

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 4
CAPITAL IMPROVEMENT PROJECTS

	Actual FY 2011	Budget FY 2012	Projected FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2012 - FY 2017 Total	*Notes:*
Capital Water Improvement Program									
USDA Projects									
Purchase Land & Renew Lease									
Treatment Plant SCADA upgrade									
Water System Profibus Telemetry System									
Total Projects in USDA Loan	$0	$0	$2,302,200	$2,302,200	$0	$0	$0	$4,604,400	
SRF Projects									
Scotts Creek Well Heads & Discharge									
Security Installs									
Install New Wells and Pumping Station									
Total Projects in SRF Loan	$0	$0	$1,100,000	$1,100,000	$0	$0	$0	$2,200,000	
Miscellaneous Projects									
Main Replacement 6" to 10"	$0	$0	$17,000	$0	$0	$0	$0		
Install 10' Main on Southern School	0	0	0	0	0	0	210,000		
Wet Well Improvements	0	0	0	0	0	165,000	0		
Replace Existing Main - Along Hartley St.	0	0	0	29,084	57,706	42,210	0		
Replace Existing Main - Along Lakeport Blvd.	0	0	0	0	0	0	372,000		
Total Miscellaneous Projects	$0	$0	$17,000	$29,084	$57,706	$207,210	$582,000	$893,000	
Vehicles	$0	$0	$15,000	$15,450	$15,914	$16,391	$16,883	$79,638	As Equipment
Shop/Other Equipment	7,000	7,000	25,000	25,750	26,523	27,319	28,139	139,731	As Equipment
Office Equipment	2,300	2,300	2,369	2,440	2,513	2,588	2,666	14,876	As Equipment
Land, Structure & Improvements	350,000	350,000	10,000	10,300	10,609	10,927	11,255	403,091	As Equipment
Unidentified Capital Projects	$0	$0	$0	$0	$0	$0	$0	$0	
Total Capital Water Improvement Program	**$359,300**	**$359,300**	**$3,471,569**	**$3,485,224**	**$113,265**	**$264,435**	**$640,943**	**$8,334,736**	
Capital									
Transfer to Capital Reserve Fund	$0	$0	$0	$0	$0	$0	$0		
Total Capital	$0	$0	$0	$0	$0	$0	$0	$0	
Total Capital Improvements and Capital	**$359,300**	**$359,300**	**$3,471,569**	**$3,485,224**	**$113,265**	**$264,435**	**$640,943**	$8,334,736	
Less: Funding Sources Other Than Rates									
Operating Reserves	$0	$0	$0	$0	$0	$0	$0	$0	
Capital Reserve Funds	0	0	24,369	8,024	8,265	0	0	40,658	
USDA Loan Proceeds	0	0	2,302,200	2,302,200	0	0	0	4,604,400	
SRF Loan Proceeds	0	0	1,100,000	1,100,000	0	0	0	2,200,000	
General Fund Loan	350,000	350,000	0	0	0	0	0	700,000	
New Low Interest Loan	0	0	0	0	0	129,435	475,943	605,378	
Total Funding Sources Other Than Rates	$350,000	$350,000	$3,426,569	$3,410,224	$8,265	$129,435	$475,943	$7,800,436	
CAPITAL FUNDED THROUGH RATES	**$9,300**	**$9,300**	**$45,000**	**$75,000**	**$105,000**	**$135,000**	**$165,000**	$534,300	Approx. Deprec. $250K for FY '12

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 5
Development of the COMMODITY Allocation Factor

	FY 2011 Consumption (CCF)	14.2% Unaccounted for Water [1]	Net Water Delivered (Flow + Losses)	Average Day 100,000 gal/day [2]	% of Total
Residential	164,055	23,296	187,351	3.8	58.1%
Duplex, Triplex, and Mobile Home	22,399	3,181	25,580	0.5	7.9%
Apartments	6,495	922	7,417	0.2	2.3%
Motel, Rec. Vehicle, and B&B	4,710	669	5,379	0.1	1.7%
Commercial	67,467	9,580	77,047	1.6	23.9%
Irrigation	17,030	2,418	19,448	0.4	6.0%
Total Consumption	282,156	40,066	322,222	6.6	100.0%
Allocation Factor					**(COMM)**
		FY 2011 Production [3]	322,406	6.6	

Notes:

[1] The City parks and other departments use water, but are not billed for the usage. Also included is fill water for RV's at dumping stations.

[2] Net water delivered is multiplied by 748, and divided by 100,000 and 365 to equal average day in 100,000 gallons/day.

[3] City provided data of 241.16 MG consumption total June 2010 to July 2011. Calculated by dividing MG by multiplying by 1,000,000 and divided by 748.

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 6
Development of the CAPACITY Allocation Factor

	Average Consumption 100,000 gal/day	Peaking Factor [1]	Peak Day Use 100,000 gal/day	% of Total
Residential	3.8	2.0	7.5	62.5%
Duplex, Triplex, and Mobile Home	0.5	1.4	0.7	6.1%
Apartments	0.2	1.4	0.2	1.7%
Motel, Rec. Vehicle, and B&B	0.1	2.0	0.2	1.8%
Commercial	1.6	1.5	2.3	19.5%
Irrigation	0.4	2.5	1.0	8.3%
	---		---	---
Total	6.6	1.8	12.0	100.0%
		Historical Peak Day [2] =	18.2	

Allocation Factor **(CAP)**

Notes:
[1] Estimated using July 2010 to June 2011 Peak to average month.
[2] The peak daily demand (MDD) provided in the 2006 Master Plan, Table 10.

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 7
Development of the CUSTOMER Allocation Factor

	Actual Customer		Customer Service & Accounting				Meters & Services		
	Estimated RUEs [1]	% of Total	Number of Bills	Weighting Factor	Weighted Customer	% of Total	Weighting Factor [2]	Weighted Customer	% of Total
Residential	1,588	58.1%	1,588	1.0	1,588	63.3%	$461	731,855	54.5%
Duplex, Triplex, and Mobile Home	217	7.9%	217	1.5	326	13.0%	553	119,848	8.9%
Apartments	63	2.3%	112	1.5	168	6.7%	457	28,732	2.1%
Motel, Rec. Vehicle, and B&B	46	1.7%	10	1.5	15	0.6%	579	26,396	2.0%
Commercial	653	23.9%	296	1.3	370	14.7%	535	349,531	26.0%
Irrigation	165	6.0%	42	1.0	42	1.7%	528	86,975	6.5%
Total	2,731	100.0%	2,265		2,509	100.0%		1,343,337	100.0%
Allocation Factor		**(AC)**				**(WCA)**			**(WCMS)**

Notes:
[1] Estimated demand placed on the distribution system based on weighted average monthly usage. RUE = residential unit equivalent.
[2] Meter weighting factor is an equivalent meter replacement cost based on estimated meter replacement costs and number of meters.

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 8
Development of the PUBLIC FIRE PROTECTION Allocation Factor

	Number of Bills	Fire Prot. Requirements (gals/min) [1]	Duration (minutes) [1]	Total FP Requirements (1,000 g/min)	% of Total
Residential	1,588	1,500	90	214,380	46.9%
Duplex, Triplex, and Mobile Home	217	2,000	120	52,080	11.4%
Apartments	112	2,000	120	26,880	5.9%
Motel, Rec. Vehicle, and B&B	10	3,000	120	3,600	0.8%
Commercial	296	3,000	180	159,840	35.0%
Irrigation	42	0	0	0	0.0%
	---			---	---
Total	2,265			456,780	100.0%

Allocation Factor **(FP)**

Notes:
[1] Based on experience with similar utilities, the requirements are estimated.

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 9
Development of the WATER REVENUE Allocation Factor

	Projected FY 2013	% of Total
Residential	$684,696	58.3%
Duplex, Triplex, and Mobile Home	93,378	8.0%
Apartments	31,087	2.6%
Motel, Rec. Vehicle, and B&B	23,822	2.0%
Commercial	282,202	24.0%
Irrigation	58,816	5.0%
Total Rate Revenues	$1,174,000	100.0%
Allocation Factor		**(RR)**

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 10
Functionalization and Classification of Revenue Requirements

	Expenses FY 2013	Commodity (COMM)	Capacity (CAP)	Customer Related: Actual Customer (AC)	Customer Related: Cust. Acctg. (WCA)	Customer Related: Meters & Services (WCMS)	Public Fire Protection (FP)	Revenue Related (RR)	Direct Assign. (DA)	*Basis of Classification*
OPERATIONS AND MAINTENANCE EXPENSE [1]		22.0%	39.0%	15.0%	0.0%	9.0%	15.0%	0.0%	0.0%	Total Plant in Service Percentages
Water Utility (501)										
Salaries	$458,986	$100,977	$179,005	$68,848	$0	$41,309	$68,848	$0	$0	As Total Plant in Service
Benefits	221,859	48,809	86,525	33,279	0	19,967	33,279	0	0	As Total Plant in Service
Materials and Supplies	334,210	73,526	130,342	50,132	0	30,079	50,132	0	0	As Total Plant in Service
Chemicals	42,000	42,000	0	0	0	0	0	0	0	100% COMM
Fuel	10,300	10,300	0	0	0	0	0	0	0	100% COMM
Energy	110,103	110,103	0	0	0	0	0	0	0	100% COMM
Travel and Training	8,019	2,627	2,696	1,037	0	622	1,037	0	0	As All Other O&M
Other	942	309	317	122	0	73	122	0	0	As All Other O&M
Total Water Utility (501)	$1,186,420	$388,651	$398,885	$153,417	$0	$92,050	$153,417	$0	$0	
TOTAL O&M EXPENSES	**$1,186,420**	**$388,651**	**$398,885**	**$153,417**	**$0**	**$92,050**	**$153,417**	**$0**	**$0**	
Transfers										
Transfer Out	$44,100	$14,446	$14,827	$5,703	$0	$3,422	$5,703	$0	$0	As Total O&M Expenses
Total Transfers	$44,100	$14,446	$14,827	$5,703	$0	$3,422	$5,703	$0	$0	
CAPITAL FUNDED THROUGH RATES	**$46,000**	**$9,900**	**$17,550**	**$6,750**	**$0**	**$4,050**	**$6,750**	**$0**	**$0**	As Total Plant in Service
Debt Service										
1998 Water Project - Series 2000	$171,664	$37,766	$66,949	$25,750	$0	$15,450	$25,750	$0	$0	As Total Plant in Service
Refunding of 1993 Water Loan	82,221	18,089	32,066	12,333	0	7,400	12,333	0	0	As Total Plant in Service
USDA Loan $4.6M	0	0	0	0	0	0	0	0	0	As Total Plant in Service
SRF Loan	0	0	0	0	0	0	0	0	0	As Total Plant in Service
New Debt Service	0	0	0	0	0	0	0	0	0	As Total Plant in Service
Total Debt Service	$253,884	$55,855	$99,015	$38,083	$0	$22,850	$38,083	$0	$0	
Change in Working Capital +/-										
Transfers To - Operating Reserve	($40,644)	$0	$0	$0	$0	$0	$0	($40,644)	$0	100% RR
Transfers To - Rate Stabilization/Debt Service Reserve	0	0	0	0	0	0	0	0	0	100% RR
Transfers To - R&R/CIP Reserve	0	0	0	0	0	0	0	0	0	100% RR
Total Transfers to Reserves	($40,644)	$0	$0	$0	$0	$0	$0	($40,644)	$0	
Plus: Bad Debt (4.0% of Rate Rev. per year)	$46,960	$0	$0	$0	$0	$0	$0	$46,960	$0	100% RR
TOTAL REVENUE REQUIREMENT	**$1,535,720**	**$468,852**	**$530,276**	**$203,952**	**$0**	**$122,371**	**$203,952**	**$6,316**	**$0**	
Less: Miscellaneous Revenues										
Connection Fees	$505	$154	$174	$67	$0	$40	$67	$2	$0	As Total Revenue Requirements
Sundry	101	31	35	13	0	8	13	0	0	As Total Revenue Requirements
Non-Operating Revenue	0	0	0	0	0	0	0	0	0	As Total Revenue Requirements
Miscellaneous Fees	90,000	27,477	31,077	11,953	0	7,172	11,953	370	0	As Total Revenue Requirements
Interest Income	465	142	161	62	0	37	62	2	0	As Total Revenue Requirements
Total Miscellaneous Revenues	$91,071	$27,804	$31,446	$12,095	$0	$7,257	$12,095	$375	$0	
NET REVENUE REQUIREMENT	**$1,444,649**	**$441,048**	**$498,830**	**$191,858**	**$0**	**$115,115**	**$191,858**	**$5,941**	**$0**	

Notes:
[1] Reflects plant in service of similar utilities. Percentages are based on an average of multiple utilities that are similar to the City of Lakeport.

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 11
ALLOCATION OF REVENUE REQUIREMENTS

Classification Components	Net Revenue Requirement	Residential	Duplex, Triplex, and Mobile Home	Apartments	Motel, Rec. Vehicle, and B&B	Commercial	Irrigation	Allocation Factor
Commodity	$441,048	$256,440	$35,013	$10,153	$7,362	$105,460	$26,620	(COMM)
Capacity	$498,830	$311,816	$30,565	$8,673	$8,952	$97,326	$41,498	(CAP)
Customer Related								
Actual Customer	$191,858	$111,553	$15,231	$4,416	$3,203	$45,876	$11,580	(AC)
Weighted for Cust. Acctg.	0	0	0	0	0	0	0	(WCA)
Weighted for Meters & Services	115,115	62,715	10,270	2,462	2,262	29,952	7,453	(WCMS)
Total Customer Related	$306,972	$174,267	$25,501	$6,879	$5,465	$75,828	$19,033	
Public Fire Protection Related	$191,858	$90,044	$21,875	$11,290	$1,512	$67,136	$0	(PBFP)
Revenue Related	$5,941	$3,465	$473	$157	$121	$1,428	$298	(RR)
Direct Assignment	$0	$0	$0	$0	$0	$0	$0	(DA)
NET REVENUE REQUIREMENT	**$1,444,649**	**$836,033**	**$113,426**	**$37,152**	**$23,412**	**$347,178**	**$87,449**	

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 12
COST OF SERVICE ANALYSIS

	Expenses FY 2013	Residential	Duplex, Triplex, and Mobile Home	Apartments	Motel, Rec. Vehicle, and B&B	Commercial	Irrigation
Revenues at Present Rates	$1,174,000	$684,696	$93,378	$31,087	$23,822	$282,202	$58,816
Allocated Revenue Requirement	$1,444,649	$836,033	$113,426	$37,152	$23,412	$347,178	$87,449
Balance/(Deficiency) of Fund	($270,649)	($151,337)	($20,048)	($6,065)	$410	($64,976)	($28,633)
Required % Change in Rates	**23.1%**	**22.1%**	**21.5%**	**19.5%**	**-1.7%**	**23.0%**	**48.7%**

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 13
AVERAGE UNIT COSTS

	Total	Residential	Duplex, Triplex, and Mobile Home	Apartments	Motel, Rec. Vehicle, and B&B	Commercial	Irrigation
Commodity $/CCF	$1.56	$1.56	$1.56	$1.56	$1.56	$1.56	$1.56
50% Capacity $/CCF	0.88	0.95	0.68	0.67	0.95	0.72	1.22
Fire/Revenue/Direct $/CCF	0.70	0.57	1.00	1.76	0.35	1.02	0.02
Total $/CCF	$3.15	$3.08	$3.24	$3.99	$2.86	$3.30	$2.80
Customer Costs + 50% Capacity- $/3/4-inch meter/month	$17.70	$17.38	$31.37	$5.95	$35.01	$15.57	$40.77
Average Projected Revenue $/CCF	$5.12	$5.10	$5.06	$5.72	$4.97	$5.15	$5.13
Average Current Revenue $/CCF	$4.16	$4.17	$4.17	$4.79	$5.06	$4.18	$3.45
Basic Data:							
Annual Water Consumption (CCF)	282,156	164,055	22,399	6,495	4,710	67,467	17,030
Equivalent 3/4-inch meters	2,619	1,583	108	157	24	666	81

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 14
REVENUE AT PRESENT RATES

		Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	TOTAL
RESIDENTIAL														
Meter Rate														
Meter Size	Mo. Rate													
3/4"	$17.45	1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568
1"	34.87	1	1	1	1	1	1	1	1	1	1	1	1	1
Outside Residential														
3/4"	$27.92	17	17	17	17	17	17	17	17	17	17	17	17	17
1"	55.79	2	2	2	2	2	2	2	2	2	2	2	2	2
Consumption (per ccf)														
Tier 1	$1.20	11,592	12,257	12,197	11,178	10,512	6,308	6,560	6,646	6,002	6,253	9,998	10,048	109,551
Tier 2	2.98	8,569	12,696	10,448	6,980	3,468	1,319	1,368	1,420	1,141	1,346	2,302	3,447	54,504
Total Consumption		20,161	24,953	22,645	18,158	13,980	7,627	7,928	8,066	7,143	7,599	12,300	13,495	164,055
Revenues														
Meter Charge		$27,983	$27,983	$27,983	$27,983	$27,983	$27,983	$27,983	$27,983	$27,983	$27,983	$27,983	$27,983	$335,792
Water Consumption Charge		39,446	52,542	45,771	34,214	22,949	11,500	11,949	12,207	10,603	11,515	18,858	22,330	293,883
Total Revenue		**$67,429**	**$80,525**	**$73,754**	**$62,197**	**$50,932**	**$39,483**	**$39,931**	**$40,189**	**$38,585**	**$39,497**	**$46,840**	**$50,312**	**$629,675**
DUPLEX and MOBILE HOME														
Meter Rate														
Meter Size	Mo. Rate													
each unit	$13.08	331	331	331	331	331	331	331	331	331	331	331	331	331
Consumption (per ccf)														
0 - 8 CCF	$1.20	1,390	1,654	1,773	1,517	1,797	1,451	1,653	1,564	1,393	1,444	1,630	1,177	18,443
Above 8 CCF	2.98	296	952	520	493	294	138	278	210	121	146	300	208	3,956
Total Consumption		1,686	2,606	2,293	2,010	2,091	1,589	1,931	1,774	1,514	1,590	1,930	1,385	22,399
Revenues														
Meter Charge		$4,329	$4,329	$4,329	$4,329	$4,329	$4,329	$4,329	$4,329	$4,329	$4,329	$4,329	$4,329	$25,977
Water Consumption Charge		2,550	4,822	3,677	3,290	3,033	2,152	2,812	2,503	2,032	2,168	2,850	2,032	14,397
Total Revenue		**$6,880**	**$9,151**	**$8,007**	**$7,619**	**$7,362**	**$6,482**	**$7,142**	**$6,832**	**$6,362**	**$6,497**	**$7,179**	**$6,362**	**$85,874**

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 14
REVENUE AT PRESENT RATES

		Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	TOTAL
APARTMENTS														
Meter Rate														
Meter Size	Mo. Rate													
each unit	$10.47	136	136	136	136	136	136	136	136	136	136	136	136	136
Consumption (per ccf)														
0 - 6 CCF	$1.20	363	364	371	329	372	337	355	384	345	376	423	393	
Above 6 CCF	2.98	208	271	312	205	144	146	141	132	106	150	152	116	
Total Consumption		571	635	683	534	516	483	496	516	451	526	575	509	6,495
Revenues														
Meter Charge		$1,424	$1,424	$1,424	$1,424	$1,424	$1,424	$1,424	$1,424	$1,424	$1,424	$1,424	$1,424	$17,087
Water Consumption Charge		1,055	1,244	1,375	1,006	876	839	846	854	730	898	961	817	11,502
Total Revenue		**$2,479**	**$2,668**	**$2,799**	**$2,430**	**$2,299**	**$2,263**	**$2,270**	**$2,278**	**$2,154**	**$2,322**	**$2,384**	**$2,241**	**$28,589**
MOTEL and BED & BREAKFAST														
Meter Rate														
Meter Size	Mo. Rate													
per room w.o kitchen (5ccf)	$8.73	58	58	58	58	58	58	58	58	58	58	58	58	58
per room w kitchen (6ccf)	$10.47	59	59	59	59	59	59	59	59	59	59	59	59	59
Consumption (per ccf)														
0 - 5 CCF	$1.20	197	178	225	163	139	108	83	75	85	100	125	172	1,649
Above 5 CCF	2.98	42	53	38	10	24	0	0	0	0	0	0	14	180
Total Consumption		239	231	263	172	162	108	83	75	85	100	125	185	1,828
0 - 6 CCF	$1.20	155	155	155	135	130	125	99	109	87	102	118	137	1,507
Above 6 CCF	2.98	285	308	197	149	63	49	40	35	9	45	113	82	1,375
Total Consumption		440	463	352	284	193	174	139	144	96	147	231	219	2,882
Revenues														
Meter Charge		$1,124	$1,124	$1,124	$1,124	$1,124	$1,124	$1,124	$1,124	$1,124	$1,124	$1,124	$1,124	$13,489
Water Consumption Charge		1,397	1,475	1,156	829	580	426	338	325	233	377	628	655	8,419
Total Revenue		**$2,521**	**$2,599**	**$2,280**	**$1,953**	**$1,704**	**$1,550**	**$1,462**	**$1,449**	**$1,357**	**$1,501**	**$1,752**	**$1,779**	**$21,908**

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 14
REVENUE AT PRESENT RATES

		Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	TOTAL
COMMERCIAL														
Meter Rate														
Meter Size	Mo. Rate													
3/4"	$17.45	222	222	222	222	222	222	222	222	222	222	222	222	222
1"	34.87	29	29	29	29	29	29	29	29	29	29	29	29	29
1.5"	72.64	21	21	21	21	21	21	21	21	21	21	21	21	21
2"	104.60	17	17	17	17	17	17	17	17	17	17	17	17	17
3"	209.31	4	4	4	4	4	4	4	4	4	4	4	4	4
4"	348.86	2	2	2	2	2	2	2	2	2	2	2	2	2
6"	671.47	1	1	1	1	1	1	1	1	1	1	1	1	1
Consumption (per ccf)														
0 - 10 CCF	$1.20	1,219	1,329	1,366	1,222	1,238	1,011	1,046	1,078	965	984	1,204	1,149	13,811
Above 10 CCF	2.98	1,066	1,344	1,351	938	718	473	667	558	435	668	724	604	9,546
Total Consumption		2,285	2,673	2,717	2,160	1,956	1,484	1,713	1,636	1,400	1,652	1,928	1,753	23,357
0 - 20 CCF	$1.20	401	428	425	408	426	337	297	315	272	224	354	325	4,212
Above 20 CCF	2.98	345	489	540	361	308	151	178	165	101	121	192	198	3,149
Total Consumption		746	917	965	769	734	488	475	480	373	345	546	523	7,361
0 - 40 CCF	$1.20	580	593	615	594	558	467	502	479	414	328	525	494	6,149
Above 40 CCF	2.98	134	199	286	129	158	76	114	107	60	75	134	116	1,588
Total Consumption		714	792	901	723	716	543	616	586	474	403	659	610	7,737
0 - 60 CCF	$1.20	691	723	687	684	653	591	593	666	650	365	710	696	7,709
Above 60 CCF	2.98	978	1,563	1,729	1,122	1,175	943	1,156	1,092	936	347	1,438	1,231	13,710
Total Consumption		1,669	2,286	2,416	1,806	1,828	1,534	1,749	1,758	1,586	712	2,148	1,927	21,419
0 - 120 CCF	$1.20	289	298	301	256	244	175	197	200	165	66	248	236	2,675
Above 120 CCF	2.98	44	264	253	120	1	0	10	1	0	0	15	122	830
Total Consumption		333	562	554	376	245	175	207	201	165	66	263	358	3,505
0 - 200 CCF	$1.20	285	302	289	238	260	40	184	204	174	0	203	189	2,368
Above 200 CCF	2.98	407	227	550	0	230	0	0	0	0	0	0	0	1,414
Total Consumption		692	529	839	238	490	40	184	204	174	0	203	189	3,782
0 - 385 CCF	$1.20	57	70	69	38	26	1	1	4	7	0	5	28	306
Above 385 CCF	2.98	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Consumption		57	70	69	38	26	1	1	4	7	0	5	28	306
Revenues														
Meter Charge		$10,395	$10,395	$10,395	$10,395	$10,395	$10,395	$10,395	$10,395	$10,395	$10,395	$10,395	$10,395	$124,742
Water Consumption Charge		13,089	16,668	18,535	12,085	11,804	8,043	9,717	9,266	7,742	5,969	11,358	10,508	134,782
Total Revenue		**$23,484**	**$27,063**	**$28,930**	**$22,480**	**$22,199**	**$18,438**	**$20,112**	**$19,661**	**$18,137**	**$16,364**	**$21,753**	**$20,903**	**$259,525**

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 14
REVENUE AT PRESENT RATES

		Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	TOTAL
IRRIGATION														
Meter Rate														
Meter Size	Mo. Rate													
3/4"	$17.45	26	26	25	27	26	16	11	9	9	7	18	21	18
1"	34.87	6	6	6	6	5	5	4	3	3	3	5	5	5
1.5"	72.64	6	6	6	6	6	1	0	3	2	1	5	6	4
2"	104.60	4	4	4	4	4	2	1	1	1	1	3	2	3
Consumption (per ccf)														
0 - 10 CCF	$1.20	209	224	215	217	200	103	64	63	32	31	103	140	
Above 10 CCF	2.98	783	1,133	1,007	885	210	20	52	27	14	15	53	113	
Total Consumption		992	1,357	1,222	1,102	410	123	116	90	46	46	156	253	5,913
0 - 20 CCF	$1.20	77	79	85	74	56	51	36	18	16	29	77	79	
Above 20 CCF	2.98	200	371	497	323	59	209	27	0	0	0	45	290	
Total Consumption		277	450	582	397	115	260	63	18	16	29	122	369	2,698
0 - 40 CCF	$1.20	240	240	240	240	224	1	0	18	12	2	197	220	
Above 40 CCF	2.98	792	1,068	945	582	301	0	0	0	0	0	249	282	
Total Consumption		1,032	1,308	1,185	822	525	1	0	18	12	2	446	502	5,853
0 - 60 CCF	$1.20	240	240	240	171	117	61	42	11	7	8	47	91	
Above 60 CCF	2.98	280	327	276	186	72	52	0	0	0	0	0	98	
Total Consumption		520	567	516	357	189	113	42	11	7	8	47	189	2,566
Revenues														
Meter Charge		$1,517	$1,517	$1,500	$1,535	$1,482	$735	$436	$584	$512	$404	$1,165	$1,186	$12,573
Water Consumption Charge		7,043	9,579	9,057	6,731	2,630	1,097	406	212	122	129	1,543	2,969	0
Total Revenue		**$8,560**	**$11,096**	**$10,556**	**$8,265**	**$4,112**	**$1,832**	**$842**	**$797**	**$634**	**$533**	**$2,708**	**$4,155**	**$54,090**

City of Lakeport
Water Utility - Scenario 3 - Funding 2/3 of Depreciation
Exhibit 14
REVENUE AT PRESENT RATES

	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	TOTAL
SUMMARY													
Number of Customers													
Residential	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588
Duplex and Mobile Homes	331	331	331	331	331	331	331	331	331	331	331	331	331
Apartments	136	136	136	136	136	136	136	136	136	136	136	136	136
Motels and B&Bs	117	117	117	117	117	117	117	117	117	117	117	117	117
Commercial	296	296	296	296	296	296	296	296	296	296	296	296	296
Irrigation	42	42	41	43	41	24	16	16	15	12	31	34	30
	2,510	2,510	2,509	2,511	2,509	2,492	2,484	2,484	2,483	2,480	2,499	2,502	2,498
Consumption													
Residential	20,161	24,953	22,645	18,158	13,980	7,627	7,928	8,066	7,143	7,599	12,300	13,495	164,055
Duplex and Mobile Homes	1,686	2,606	2,293	2,010	2,091	1,589	1,931	1,774	1,514	1,590	1,930	1,385	22,399
Apartments	571	635	683	534	516	483	496	516	451	526	575	509	6,495
Motels and B&Bs	679	694	615	456	355	282	222	219	181	247	356	404	4,710
Commercial	6,496	7,829	8,461	6,110	5,995	4,265	4,945	4,869	4,179	3,178	5,752	5,388	67,467
Irrigation	2,821	3,682	3,505	2,678	1,239	497	221	137	81	85	771	1,313	17,030
	32,414	40,399	38,202	29,946	24,176	14,743	15,743	15,581	13,549	13,225	21,684	22,494	282,156
Total Revenue													
Residential	$67,429	$80,525	$73,754	$62,197	$50,932	$39,483	$39,931	$40,189	$38,585	$39,497	$46,840	$50,312	$629,675
Duplex and Mobile Homes	6,880	9,151	8,007	7,619	7,362	6,482	7,142	6,832	6,362	6,497	7,179	6,362	85,874
Apartments	2,479	2,668	2,799	2,430	2,299	2,263	2,270	2,278	2,154	2,322	2,384	2,241	28,589
Motels and B&Bs	2,521	2,599	2,280	1,953	1,704	1,550	1,462	1,449	1,357	1,501	1,752	1,779	21,908
Commercial	23,484	27,063	28,930	22,480	22,199	18,438	20,112	19,661	18,137	16,364	21,753	20,903	259,525
Irrigation	8,560	11,096	10,556	8,265	4,112	1,832	842	797	634	533	2,708	4,155	54,090
	$111,353	$133,103	$126,327	$104,944	$88,608	$70,048	$71,758	$71,206	$67,229	$66,715	$82,618	$85,752	$1,079,661

FY 2012 Budget (Service Charges)	$1,174,000
	($94,339)
	-8.04%

FY 2011 Actual (Service Charges)	$1,150,341
	($70,680)
	-6.14%

City of Lakeport
Water Utility - Summary of Rate Design
Proposed Rate Transition

			PRESENT RATES	PROPOSED RATES July 1st 2012	Jan. 1st 2014	Jan. 1st 2015	Jan. 1st 2016	Jan. 1st 2017
Proposed Rate Adjustment				23.0%	20.0%	18.0%	12.8%	0.0%
RESIDENTIAL								
Meter Rate	**Allotments (CCF)**							
Option 1 -								
3/4"	0 - 10		$17.45	$21.60	$26.05	$30.90	$34.85	$34.85
1"	0 - 20		34.87	$43.20	$52.10	$61.80	69.70	69.70
Option 2 -								
3/4"			$17.45	$21.60	$26.05	$30.90	$34.85	$34.85
1"			$34.87	43.20	52.10	61.80	69.70	69.70
Outside Residential (60% of Residential metered rates)								
Option 1 -								
3/4"	0 - 10		$27.92	$34.55	$41.70	$49.45	$55.75	$55.75
1"	0 - 20		55.79	69.10	83.35	98.90	111.50	111.50
Option 2 -								
3/4"			$27.92	$34.55	$41.70	$49.45	$55.75	$55.75
1"			55.79	69.10	83.35	98.90	111.50	111.50
Consumption (per ccf)	**Allotments (CCF)**							
Option 1 -	0 - 10							
Tier 1	0 - 20		$1.20	$1.40	$1.68	$1.98	$2.23	$2.23
Tier 2			2.98	3.47	4.17	4.91	5.54	5.54
Option 2 -	3/4" Meter	1" Meter						
Tier 1	0 - 6	0 - 12	N/A	$1.20	$1.44	$1.70	$1.92	$1.92
Tier 2	7 - 12	13 - 24	N/A	2.10	2.52	2.98	3.36	3.36
Tier 3	Over 12	Over 24	N/A	3.72	4.46	5.27	5.94	5.94
DUPLEX and MOBILE HOME								
Meter Rate	**Allotments (CCF)**							
each unit	0 - 8		$13.08	$16.20	$19.55	$23.15	$26.15	$26.15
Consumption (per ccf)	**Previous**	**New**						
Tier 1 each unit	0 - 8	0 - 5	$1.20	$1.40	$1.68	$1.98	$2.23	$2.23
Tier 2 each unit	> 8	> 5	2.98	3.47	4.17	4.91	5.54	5.54
APARTMENTS								
Meter Rate	**Allotments (CCF)**							
each unit	0 - 6		$10.47	$12.95	$15.65	$18.55	$20.90	$20.90
Consumption (per ccf)	**Previous**	**New**						
Tier 1 each unit	0 - 6	0 - 3	$1.20	$1.40	$1.68	$1.98	$2.23	$2.23
Tier 2 each unit	> 6	> 3	2.98	3.47	4.17	4.91	5.54	5.54
MOTEL and BED & BREAKFAST								
Meter Rate	**Allotments (CCF; each unit**							
	Previous	**New**						
per room w.o kitchen (5ccf)	0 - 5	0 - 3	$8.73	$10.80	$13.05	$15.45	$17.45	$17.45
per room w kitchen (6ccf)	0 - 6	0 - 4	$10.47	$12.95	$15.65	$18.55	$20.90	$20.90
Consumption (per ccf)								
Tier 1			$1.20	$1.40	$1.68	$1.98	$2.23	$2.23
Tier 2			2.98	3.47	4.17	4.91	5.54	5.54
COMMERCIAL & IRRIGATION								
Meter Rate	**Allotments (CCF; each unit**							
	Previous	**New**						
3/4"	0 - 10	0 - 6	$17.45	$21.60	$26.05	$30.90	$34.85	$34.85
1"	0 - 20	0 - 12	34.87	43.20	52.10	61.80	69.70	69.70
1.5"	0 - 40	0 - 24	72.64	89.90	108.45	128.65	145.10	145.10
2"	0 - 60	0 - 36	104.60	129.50	156.15	185.20	208.90	208.90
3"	0 - 120	0 - 72	209.31	259.10	312.45	370.65	418.10	418.10
4"	0 - 200	0 - 120	348.86	431.85	520.80	617.75	696.80	696.80
6"	0 - 385	0 - 230	671.47	831.15	1,002.40	1,189.00	1,341.20	1,341.20
Consumption (per ccf)								
Tier 1			$1.20	$1.40	$1.68	$1.98	$2.23	$2.23
Tier 2			2.98	3.47	4.17	4.91	5.54	5.54

City of Lakeport
Water Utility - RESIDENTIAL Monthly Bill Comparison
Proposed Rate Transition - Option 1 - Across the Board Adjustment

	July 1st 2012 - 2013 Proposed Rates			Jan 1st 2014 Proposed Rates			Jan 1st 2015 Proposed Rates		
Consumption (per CCF)	Present Rates	Proposed Rates	$ Difference	Present Rates	Proposed Rates	$ Difference	Present Rates	Proposed Rates	$ Difference
Assuming a 3/4" Meter									
0	$17.45	$21.60	$4.15	$21.60	$26.05	$4.45	$26.05	$30.90	$4.85
1	18.65	23.00	4.35	23.00	27.73	4.73	27.73	32.88	5.15
2	19.85	24.40	4.55	24.40	29.41	5.01	29.41	34.86	5.45
3	21.05	25.80	4.75	25.80	31.09	5.29	31.09	36.84	5.75
4	22.25	27.20	4.95	27.20	32.77	5.57	32.77	38.82	6.05
5	23.45	28.60	5.15	28.60	34.45	5.85	34.45	40.80	6.35
6	24.65	30.00	5.35	30.00	36.13	6.13	36.13	42.78	6.65
7	25.85	31.40	5.55	31.40	37.81	6.41	37.81	44.76	6.95
8	27.05	32.80	5.75	32.80	39.49	6.69	39.49	46.74	7.25
9	28.25	34.20	5.95	34.20	41.17	6.97	41.17	48.72	7.55
10	29.45	35.60	6.15	35.60	42.85	7.25	42.85	50.70	7.85
12	35.41	42.54	7.13	42.54	51.19	8.65	51.19	60.52	9.33
14	41.37	49.48	8.11	49.48	59.53	10.05	59.53	70.34	10.81
16	47.33	56.42	9.09	56.42	67.87	11.45	67.87	80.16	12.29
18	53.29	63.36	10.07	63.36	76.21	12.85	76.21	89.98	13.77
20	59.25	70.30	11.05	70.30	84.55	14.25	84.55	99.80	15.25
25	74.15	87.65	13.50	87.65	105.40	17.75	105.40	124.35	18.95

2011/2012 Present Rates		July 1st 2012-2013 Proposed Rates		Jan 1st 2014 Proposed Rates		Jan 1st 2015 Proposed Rates	
Metered Base Charge		**Metered Base Charge**		**Metered Base Charge**		**Metered Base Charge**	
3/4"	$17.45	3/4"	$21.60	3/4"	$26.05	3/4"	$30.90
1"	34.87	1"	43.20	1"	52.10	1"	61.80
Consumption (per ccf)		**Consumption (per ccf)**		**Consumption (per ccf)**		**Consumption (per ccf)**	
Tier 1	$1.20	Tier 1	$1.40	Tier 1	$1.68	Tier 1	$1.98
Tier 2	2.98	Tier 2	3.47	Tier 2	4.17	Tier 2	4.91

Note: The residential customers include outside-city customers. Outside-city customer rates include a 60% outside city charge on the metered base rate only.

City of Lakeport
Water Utility - RESIDENTIAL Monthly Bill Comparison
Proposed Rate Transition - Option 2 - Three Consumption Tiers

Consumption (per CCF)	July 1st 2012 - 2013 Proposed Rates			Jan 1st 2014 Proposed Rates			Jan 1st 2015 Proposed Rates		
	Present Rates	Proposed Rates	Difference Amount	Present Rates	Proposed Rates	Difference Amount	Present Rates	Proposed Rates	Difference Amount
Assuming a 3/4" Meter									
0	$17.45	$21.60	$4.15	$21.60	$26.05	$4.45	$26.05	$30.90	$4.85
1	18.65	22.80	4.15	22.80	27.49	4.69	27.49	32.60	5.11
2	19.85	24.00	4.15	24.00	28.93	4.93	28.93	34.30	5.37
3	21.05	25.20	4.15	25.20	30.37	5.17	30.37	36.00	5.63
4	22.25	26.40	4.15	26.40	31.81	5.41	31.81	37.70	5.89
5	23.45	27.60	4.15	27.60	33.25	5.65	33.25	39.40	6.15
6	24.65	28.80	4.15	28.80	34.69	5.89	34.69	41.10	6.41
7	25.85	30.90	5.05	30.90	37.21	6.31	37.21	44.08	6.87
8	27.05	33.00	5.95	33.00	39.73	6.73	39.73	47.06	7.33
9	28.25	35.10	6.85	35.10	42.25	7.15	42.25	50.04	7.79
10	29.45	37.20	7.75	37.20	44.77	7.57	44.77	53.02	8.25
12	35.41	41.40	5.99	41.40	49.81	8.41	49.81	58.98	9.17
14	41.37	48.84	7.47	48.84	58.73	9.89	58.73	69.52	10.79
16	47.33	56.28	8.95	56.28	67.65	11.37	67.65	80.06	12.41
18	53.29	63.72	10.43	63.72	76.57	12.85	76.57	90.60	14.03
20	59.25	71.16	11.91	71.16	85.49	14.33	85.49	101.14	15.65
25	74.15	89.76	15.61	89.76	107.79	18.03	107.79	127.49	19.70

2011/2012 Present Rates		July 1st 2012 - 2013 Proposed Rates		Jan 1st 2014 Proposed Rates		Jan 1st 2015 Proposed Rates	
Metered Base Charge		**Metered Base Charge**		**Metered Base Charge**		**Metered Base Charge**	
3/4"	$17.45	3/4"	$21.60	3/4"	$26.05	3/4"	$30.90
1"	34.87	1"	43.20	1"	52.10	1"	61.80
Consumption (per ccf)		**Consumption (per ccf)**		**Consumption (per ccf)**		**Consumption (per ccf)**	
Tier 1	$1.20	Tier 1	$1.20	Tier 1	$1.44	Tier 1	$1.70
Tier 2	2.98	Tier 2	2.10	Tier 2	2.52	Tier 2	2.98
		Tier 3	3.72	Tier 3	4.46	Tier 3	5.27

Note: The residential customers include outside-city customers. Outside-city customer rates include a 60% outside city charge on the metered base rate only.

City of Lakeport
Water Utility - DUPLEX and MOBILE HOMES Monthly Bill Comparison
Proposed Rate Transition - Option 1 - Across the Board Adjustment

	July 1st 2012 - 2013 Proposed Rates			Jan 1st 2014 Proposed Rates			Jan 1st 2015 Proposed Rates		
Consumption (per CCF)	Present Rates	Proposed Rates	$ Difference	Present Rates	Proposed Rates	$ Difference	Present Rates	Proposed Rates	$ Difference
0	$13.08	$16.20	$3.12	$16.20	$19.55	$3.35	$19.55	$23.15	$3.60
1	14.28	17.60	3.32	17.60	21.23	3.63	21.23	25.13	3.90
2	15.48	19.00	3.52	19.00	22.91	3.91	22.91	27.11	4.20
3	16.68	20.40	3.72	20.40	24.59	4.19	24.59	29.09	4.50
4	17.88	21.80	3.92	21.80	26.27	4.47	26.27	31.07	4.80
5	19.08	23.20	4.12	23.20	27.95	4.75	27.95	33.05	5.10
6	20.28	26.67	6.39	26.67	32.12	5.45	32.12	37.96	5.84
7	21.48	30.14	8.66	30.14	36.29	6.15	36.29	42.87	6.58
8	22.68	33.61	10.93	33.61	40.46	6.85	40.46	47.78	7.32
9	25.66	37.08	11.42	37.08	44.63	7.55	44.63	52.69	8.06
10	28.64	40.55	11.91	40.55	48.80	8.25	48.80	57.60	8.80
12	34.60	47.49	12.89	47.49	57.14	9.65	57.14	67.42	10.28
14	40.56	54.43	13.87	54.43	65.48	11.05	65.48	77.24	11.76
16	46.52	61.37	14.85	61.37	73.82	12.45	73.82	87.06	13.24
18	52.48	68.31	15.83	68.31	82.16	13.85	82.16	96.88	14.72
20	58.44	75.25	16.81	75.25	90.50	15.25	90.50	106.70	16.20

2011/2012 Present Rates		July 1st 2012-2013 Proposed Rates		Jan 1st 2014 Proposed Rates		Jan 1st 2015 Proposed Rates	
Monthly Base Charge		**Monthly Base Charge**		**Monthly Base Charge**		**Monthly Base Charge**	
per customer	$13.08	per customer	$16.20	per customer	$19.55	per customer	$23.15
Consumption (per ccf)		**Consumption (per ccf)**		**Consumption (per ccf)**		**Consumption (per ccf)**	
0 - 8 CCF	$1.20	0 - 5 CCF	$1.40	0 - 5 CCF	$1.68	0 - 5 CCF	$1.98
Above 8 CCF	2.98	Above 5 CCF	3.47	Above 5 CCF	4.17	Above 5 CCF	4.91

City of Lakeport
Water Utility - APARTMENTS Monthly Bill Comparison
Proposed Rate Transition - Option 1 - Across the Board Adjustment

	July 1st 2012 - 2013 Proposed Rates			Jan 1st 2014 Proposed Rates			Jan 1st 2015 Proposed Rates		
Consumption (per CCF)	Present Rates	Proposed Rates	$ Difference	Present Rates	Proposed Rates	$ Difference	Present Rates	Proposed Rates	$ Difference
0	$10.47	$12.95	$2.48	$12.95	$15.65	$2.70	$15.65	$18.55	$2.90
1	11.67	14.35	2.68	14.35	17.33	2.98	17.33	20.53	3.20
2	12.87	15.75	2.88	15.75	19.01	3.26	19.01	22.51	3.50
3	14.07	17.15	3.08	17.15	20.69	3.54	20.69	24.49	3.80
4	15.27	20.62	5.35	20.62	24.86	4.24	24.86	29.40	4.54
5	16.47	24.09	7.62	24.09	29.03	4.94	29.03	34.31	5.28
6	17.67	27.56	9.89	27.56	33.20	5.64	33.20	39.22	6.02
7	20.65	31.03	10.38	31.03	37.37	6.34	37.37	44.13	6.76
8	23.63	34.50	10.87	34.50	41.54	7.04	41.54	49.04	7.50
9	26.61	37.97	11.36	37.97	45.71	7.74	45.71	53.95	8.24
10	29.59	41.44	11.85	41.44	49.88	8.44	49.88	58.86	8.98

2011/2012 Present Rates		July 1st 2012-2013 Proposed Rates		Jan 1st 2014 Proposed Rates		Jan 1st 2015 Proposed Rates	
Monthly Base Charge		**Monthly Base Charge**		**Monthly Base Charge**		**Monthly Base Charge**	
per unit	$10.47	per unit	$12.95	per unit	$15.65	per unit	$18.55
Consumption (per ccf)		**Consumption (per ccf)**		**Consumption (per ccf)**		**Consumption (per ccf)**	
0 - 6 CCF	$1.20	0 - 3 CCF	$1.40	0 - 3 CCF	$1.68	0 - 3 CCF	$1.98
Above 6 CCF	2.98	Above 3 CCF	3.47	Above 3 CCF	4.17	Above 3 CCF	4.91

City of Lakeport
Water Utility - B&B and MOTELS Monthly Bill Comparison
Proposed Rate Transition - Option 1 - Across the Board Adjustment

Consumption (per CCF)	July 1st 2012 - 2013 Proposed Rates			Jan 1st 2014 Proposed Rates			Jan 1st 2015 Proposed Rates		
	Present Rates	Proposed Rates	$ Difference	Present Rates	Proposed Rates	$ Difference	Present Rates	Proposed Rates	$ Difference
Unit With a Kitchen (5ccf) -									
0	$8.73	$10.80	$2.07	$10.80	$13.05	$2.25	$13.05	$15.45	$2.40
5	14.73	21.94	7.21	21.94	26.43	4.49	26.43	31.21	4.78
10	29.63	39.29	9.66	39.29	47.28	7.99	47.28	55.76	8.48
12	35.59	46.23	10.64	46.23	55.62	9.39	55.62	65.58	9.96
14	41.55	53.17	11.62	53.17	63.96	10.79	63.96	75.40	11.44
16	47.51	60.11	12.60	60.11	72.30	12.19	72.30	85.22	12.92
18	53.47	67.05	13.58	67.05	80.64	13.59	80.64	95.04	14.40
20	59.43	73.99	14.56	73.99	88.98	14.99	88.98	104.86	15.88
22	65.39	80.93	15.54	80.93	97.32	16.39	97.32	114.68	17.36
Unit WithOut a Kitchen (6ccf) -									
0	$10.47	$12.95	$2.48	$12.95	$15.65	$2.70	$15.65	$18.55	$2.90
10	29.59	39.37	9.78	39.37	47.39	8.02	47.39	55.93	8.54
20	59.39	74.07	14.68	74.07	89.09	15.02	89.09	105.03	15.94
30	89.19	108.77	19.58	108.77	130.79	22.02	130.79	154.13	23.34
35	104.09	126.12	22.03	126.12	151.64	25.52	151.64	178.68	27.04
40	118.99	143.47	24.48	143.47	172.49	29.02	172.49	203.23	30.74
45	133.89	160.82	26.93	160.82	193.34	32.52	193.34	227.78	34.44
50	148.79	178.17	29.38	178.17	214.19	36.02	214.19	252.33	38.14
55	163.69	195.52	31.83	195.52	235.04	39.52	235.04	276.88	41.84

2011/2012 Present Rates		July 1st 2012-2013 Proposed Rates		Jan 1st 2014 Proposed Rates		Jan 1st 2015 Proposed Rates	
Monthly Base Charge		**Monthly Base Charge**		**Monthly Base Charge**		**Monthly Base Charge**	
per unit w/out kitchen	$8.73	per unit w/out kitchen	$10.80	per unit w/out kitchen	$13.05	per unit w/out kitchen	$15.45
per unit w/ kitchen	$10.47	per unit w/ kitchen	$12.95	per unit w/ kitchen	$15.65	per unit w/ kitchen	$18.55
Consumption (per ccf)		**Consumption (per ccf)**		**Consumption (per ccf)**		**Consumption (per ccf)**	
0 - 5 CCF / 0 - 6 CCF	$1.20	0 - 5 CCF / 0 - 6 CCF	$1.40	0 - 5 CCF / 0 - 6 CCF	$1.68	0 - 5 CCF / 0 - 6 CCF	$1.98
Above 5 CCF / 6 CCF	2.98	Above 5 CCF / 6 CCF	3.47	Above 5 CCF / 6 CCF	4.17	Above 5 CCF / 6 CCF	4.91

City of Lakeport
Water Utility - COMMERCIAL Monthly Bill Comparison
Proposed Rate Transition - Option 1 - Across the Board Adjustment

Consumption (per CCF)	July 1st 2012 - 2013 Proposed Rates			Jan 1st 2014 Proposed Rates			Jan 1st 2015 Proposed Rates		
	Present Rates	Proposed Rates	$ Difference	Present Rates	Proposed Rates	$ Difference	Present Rates	Proposed Rates	$ Difference
Assuming a 3/4" Meter									
0	$17.45	$21.60	$4.15	$21.60	$26.05	$4.45	$26.05	$30.90	$4.85
2	19.85	24.40	4.55	24.40	29.41	5.01	29.41	34.86	5.45
4	22.25	27.20	4.95	27.20	32.77	5.57	32.77	38.82	6.05
6	24.65	30.00	5.35	30.00	36.13	6.13	36.13	42.78	6.65
8	27.05	36.94	9.89	36.94	123.91	86.97	123.91	194.70	70.79
10	29.45	43.88	14.43	43.88	133.92	90.04	133.92	228.77	94.85
12	35.41	50.82	15.41	50.82	158.77	107.95	158.77	262.85	104.08
14	41.37	57.76	16.39	57.76	183.62	125.86	183.62	296.92	113.30
16	47.33	64.70	17.37	64.70	208.48	143.78	208.48	331.00	122.52
18	53.29	71.64	18.35	71.64	233.33	161.69	233.33	365.07	131.74
20	59.25	78.58	19.33	78.58	258.18	179.60	258.18	399.15	140.97
25	74.15	95.93	21.78	95.93	320.32	224.39	320.32	484.34	164.02
30	89.05	113.28	24.23	113.28	382.45	269.17	382.45	569.52	187.08
35	103.95	130.63	26.68	130.63	444.58	313.95	444.58	654.71	210.13
40	118.85	147.98	29.13	147.98	506.71	358.73	506.71	739.90	233.19
45	133.75	165.33	31.58	165.33	568.85	403.52	568.85	825.09	256.24
50	148.65	182.68	34.03	182.68	630.98	448.30	630.98	910.28	279.30

2011/2012 Present Rates		July 1st 2012-2013 Proposed Rates		Jan 1st 2014 Proposed Rates		Jan 1st 2015 Proposed Rates	
Metered Base Charge		**Metered Base Charge**		**Metered Base Charge**		**Metered Base Charge**	
3/4"	$17.45	3/4"	$21.60	3/4"	$26.05	3/4"	$30.90
1"	34.87	1"	43.20	1"	52.10	1"	61.80
1.5"	72.64	1.5"	89.90	1.5"	108.45	1.5"	128.65
2"	104.60	2"	129.50	2"	156.15	2"	185.20
3"	209.31	3"	259.10	3"	312.45	3"	370.65
4"	348.86	4"	431.85	4"	520.80	4"	617.75
6"	671.47	6"	831.15	6"	1,002.40	6"	1,189.00
Consumption (per ccf)		**Consumption (per ccf)**		**Consumption (per ccf)**		**Consumption (per ccf)**	
Tier 1	$1.20	New 1	$1.40	New 1	$1.68	New 1	$1.98
Tier 2	2.98	New 2	3.47	New 2	4.17	New 2	4.91

City of Lakeport
Water Utility - IRRIGATION Monthly Bill Comparison
Proposed Rate Transition - Option 1 - Across the Board Adjustment

	July 1st 2012 - 2013 Proposed Rates			Jan 1st 2014 Proposed Rates			Jan 1st 2015 Proposed Rates		
Consumption (per CCF)	Present Rates	Proposed Rates	$ Difference	Present Rates	Proposed Rates	$ Difference	Present Rates	Proposed Rates	$ Difference
Assuming a 3/4" Meter									
0	$17.45	$21.60	$4.15	$21.60	$26.05	$4.45	$26.05	$30.90	$4.85
2	19.85	24.40	4.55	24.40	29.41	5.01	29.41	34.86	5.45
4	22.25	27.20	4.95	27.20	32.77	5.57	32.77	38.82	6.05
6	24.65	30.00	5.35	30.00	36.13	6.13	36.13	42.78	6.65
8	27.05	36.94	9.89	36.94	123.91	86.97	123.91	194.70	70.79
10	29.45	43.88	14.43	43.88	133.92	90.04	133.92	228.77	94.85
12	35.41	50.82	15.41	50.82	158.77	107.95	158.77	262.85	104.08
14	41.37	57.76	16.39	57.76	183.62	125.86	183.62	296.92	113.30
16	47.33	64.70	17.37	64.70	208.48	143.78	208.48	331.00	122.52
18	53.29	71.64	18.35	71.64	233.33	161.69	233.33	365.07	131.74
20	59.25	78.58	19.33	78.58	258.18	179.60	258.18	399.15	140.97
25	74.15	95.93	21.78	95.93	320.32	224.39	320.32	484.34	164.02
30	89.05	113.28	24.23	113.28	382.45	269.17	382.45	569.52	187.08
35	103.95	130.63	26.68	130.63	444.58	313.95	444.58	654.71	210.13
40	118.85	147.98	29.13	147.98	506.71	358.73	506.71	739.90	233.19
45	133.75	165.33	31.58	165.33	568.85	403.52	568.85	825.09	256.24
50	148.65	182.68	34.03	182.68	630.98	448.30	630.98	910.28	279.30

2011/2012 Present Rates		July 1st 2012-2013 Proposed Rates		Jan 1st 2014 Proposed Rates		Jan 1st 2015 Proposed Rates	
Metered Base Charge		**Metered Base Charge**		**Metered Base Charge**		**Metered Base Charge**	
3/4"	$17.45	3/4"	$21.60	3/4"	$26.05	3/4"	$30.90
1"	34.87	1"	43.20	1"	52.10	1"	61.80
1.5"	72.64	1.5"	89.90	1.5"	108.45	1.5"	128.65
2"	104.60	2"	129.50	2"	156.15	2"	185.20
Consumption (per ccf)		**Consumption (per ccf)**		**Consumption (per ccf)**		**Consumption (per ccf)**	
Tier 1	$1.20	New 1	$1.40	New 1	$1.68	New 1	$1.98
Tier 2	2.98	New 2	3.47	New 2	4.17	New 2	4.91

APPENDIX C

WATER TREATMENT FACILITY DESIGN CRITERIA

FLOW

Maximum Plant Capacity (ultimate)	1,500 GPM
Normal - Maximum Plant Capacity (initially)	1,200 GPM
Initial Net Treated Water Capacity (Less Backwash & Derated for Clear Lake)	1,040 GPM (1.5 MGD)

WATER QUALITY TARGETS

Parameter (units)	Influent	Effluent
Turbidity (NTU)	2 - 150	0 - 0.2
Color (color units)	0 - 25	0 - 15
pH (units)	6.5 - 9.0	6.5 - 9.0
Temperature (°C)	8 - 28	8 – 28

LAKE PUMP STATION

Vacuum Pump

Pump Number, Type	Not Available
Capacity	Not Available
Horsepower, volts, Phase	Not Available

Booster Pumps

Pump Number, Type	2 (3 Ultimate), Vertical Turbine 2 Stage Variable Frequency Drive
Capacity	900 GPM @ 45 Ft TDH
Horsepower, Volts, Phase	15 HP, 460V, 3ø

WATER TREATMENT PLANT

Pre-Ozone Contactor

Number, Volume:	One, 6,400-GAL, two compartments
Detention Time	
@ 1200 GPM:	5.3 Minutes
@ 1500 GPM:	4.3 Minutes

Ozone and Plant Air Equipment

Air Compressors, Type:	Oil Lubricated, Screw
Number:	Two
Capacity:	71 SCFM @ 100 psig

Horsepower, Volts, Phase:	15 Hp, 460 V, 3 ø
Desiccant Dryer:	
Capacity at 100 PSIG inlet:	12 SCFM
Capacity at 80 PSIG inlet:	7.9 SCFM
Max Temp. Incoming air:	120°F
Rated Pressure Dewpoints:	
10-minute cycle:	-40°F
4-minute cycle:	-100°F
Oxygen Production, Type:	Pressure Swing Adsorption (PSA)
Number:	Two
Capacity:	46.7 SCFM Air at 90 PSIG incoming 4.17 SCFM 0_2 (90% purity) at 45 PSIG to ozone generator
Ozone Generators, Type:	Oxygen Fed
Number:	Two
Capacity:	40 lbs/day (derated to 32 Lbs/Day due to high cooling water temperature)
KW, Volts, Phase:	8± KW, 460-V, 3 ø
Ozone Destruct Units, Type:	Thermalcatalytic w/blower
Number:	Two
Capacity:	10 SCFM at 6-inch Water Column

Pre Treatment Booster Pumps

Pump Number, Type:	2, Vertical Turbine
Capacity Each:	1,200 GPM @ 26 Ft TDH
Horsepower, Volts, Phase:	10 HP, 460V, 3 ø

Filter Unit

Unit Number, Type:	2 (3 Ultimate), Adsorption Clarifier & Mixed Media Filtration
Absolute Maximum:	840 GPM, each unit
Maximum Rated Flow:	700 GPM, each unit (rated capacity)
Normal Maximum:	600 GPM, each unit

Adsorption Clarifier (per each)

Bed Area:	70.6 SF
Media Bed Volume:	282.4 CF
Hydraulic Loading:	10 GPM/SF
Flushing Flow:	700 GPM

Flushing Rate	10 GPM/SF
Air Scour Flow:	420 CFM
Air Scour Rate:	5.9 CFM/SF

Finishing Filter (per each)

Bed Area:	140 Sq Ft
Bed Volume:	607 Cu Ft
Filter Rate:	5.0 GPM/SF
Maximum Backwash Flow	
Normal:	2,530 GPM
@ 80°F + Lake Temp.:	3,080 GPM
Backwash Rate	
Normal:	18 GPM/SF
@ 80°F + Lake Temp.:	22 GPM/SF
Air Scour Flow:	420 CFM
Air Scour Rate:	3 CFM/SF

Mixed Media for Each Unit

Layer	Typical Sizes	Depth
Bottom		
Silica gravel} or	(1½" × 3/4")	13"
Silica gravel} support	(3/4" × 3/8")	3"
Silica gravel} screens	(3/8" × 3/16")	3"
Garnet gravel	1.0 - 3.0 mm	3"
Garnet sand	0.25 - 0.35 mm E.S. u.c. 1.8	3"
Silica sand	0.45 - 0.55 mm E.S. u.c. 1.5	9"
Anthracite coal	1.0 - 1.2 mm u.c. 1.7	18"
Top	TOTAL	52"

Backwash Pumps

Pump Number, Type: 2,	Vertical Turbine
Capacity Each:	3,000 GPM @ 27 Ft TDH
Horsepower, Volts, Phase:	30 HP, 460V, 3 ø

Air Blowers for Backwash

Unit Number, Type:	2, Regenerative
Capacity:	500 CFM
Horsepower, Volts, Phase:	20 HP, 460V, 3 ø

Heating/Ventilation/Air Conditioning Equipment

Treatment Room:

Roof Ventilators:

Number, Horsepower, Capacity: 1, 3/4, 2972 SCFM @ 0.75" SP
Type, Speed: Direct Drive, Variable Speed
Number, Horsepower, Capacity: 2, 3/4, 3766 SCFM @ 0.35" SP
Type, Speed: Direct Drive, Variable Speed

Intake Louvers:
Number, Size, Capacity: 2, 40"×40", 3400 SCFM @0.75" SP

Blower Room
Roof Ventilator:
Number, Horsepower, Capacity: 1, 1/6, 1498 SCFM @0.25 SP
Type, Speed: Direct Drive, Variable Speed

Whole House Fan:
Number, Amps, Capacity (Full Speed): 1, 5.5, 6850 SCFM @ 0.1"SP
Type, Speed: Belt Driven, Variable Speed

Evaporative Cooler:
Number, Horsepower, Capacity: 1, 1, 5600 SCFM @ 0.0" SP
Type, Speed: Belt driven, Two-Speed
Cooling with Outside
Ambient Temp. Equal 110°F:
Outside Relative Humidity = 50%: 95°F
Outside Relative Humidity = 40%: 92°F
Outside Relative Humidity = 30%: 87°F

Intake Louver:
Number, Size, Capacity: 1, 32"×40", 2200 SCFM @ 0.25" SP

Ozone Room:

Roof Ventilator:
Number, Horsepower, Capacity: 1, 1/3, 1411 SCFM @0.75" SP
Type, Speed: Direct Drive, Variable Speed

Air Conditioning Unit:
Number, Capacity: 1, 12,000 BTU/HR

Intake Louver:
Number, Size, Capacity: 1, 32"×16", 900 SCFM @0.88" SP

Chlorine Room:
Wall-Mounted Exhaust Ventilator:
Number, Horsepower, Capacity: 1, 1/20, 182 SCFM @ 0.25" SP
Type, Speed: Direct Drive, Variable Speed

Intake Louver:

Number, Size, Capacity:	1, 16"×16", 182 SCFM @ 0.16" SP

Chemical Mixing Area

Wall-mounted Exhaust Ventilator:	
Number, Horsepower, Capacity:	1, 1/3, 1287 SCFM @ 0.63"SP
Type, Speed:	Direct Drive, Variable Speed

Post-Ozone Contactor

Number, Volume:	1, 12,800 GAL 4 Compartments
Detention Time	
@ 1200 GPM:	10.6 minutes
@ 1,500 GPM:	8.5 minutes

Post Treatment Booster Pumps

Pump Number, Type	2, Vertical Turbine
Capacity, each	1,200 GPM @ 36' TDH
Horsepower, Volts, Phase	15 HP, 460V, 3 ø

Carbon Columns

Unit Number:	4 (2 New, 2 Exist) (2 more at ULT.)
Diameter:	9 ft. diam.
Maximum Flow:	300 GPM Ea (1,200 GPM Total)
Bed Volume:	535 Cu Ft per Vessel
Detention Time:	(Empty Bed) 13.3 Min
Hydraulic Loading:	4.7 GPM/SF
Backwash Flow:	500 GPM per Vessel
Backwash Rate:	7.9 GPM/SF

Chlorine Contact Tank

Baffled Tank (short circuiting factor):	0.45
Size (Diameter x Height):	46 FT x 12 Ft
Total Volume:	136,000 GAL
Overflow Rim Elevation:	1353.18 FT (11'-0")
Minimum Volume for Chlorine Contact:	75,000 GAL
Contact Time	
@600 GPM	102 Min
@1200 GPM	51 Min

Clearwell

Size (Diameter x Height):	15 FT x 12 Ft
Total Volume:	14,500 GAL
Overflow Rim Elevation:	1352.2 FT (11'-0")

Disinfection Requirements

Effective Tank Volume (Neglecting small tank)	75,000 GAL
Assumed Tank T_{10}/T (w/Baffle)	0.45
Effective Tank T @ 1500 GPM	35 MIN
Required CT @ ≤10° C & ≤8 pH	26 MF-MIN
Required Chlorine Residual (at effluent side of 15,000-gal. tank)	0.75 mg/L

Distribution Pump Station

Pump Number, Type	2 (3 Ultimate), PACO, Horizontal Centrifugal, Type L, Model 3095-5, 9.0" Impeller
Capacity:	750 GPM @ 237 Ft TDH
Horsepower, Volts, Phase:	60 HP, 460V, 3 0/

BACKWASH PONDS

Pond No. 1

Maximum Capacity:	0.65 AC-FT
Maximum Water Surface Elevation:	1,341.5 FT (Overflow Elev.)
Depth to Overflow:	5.0 FT
Bottom Surface Area:	4,162 SF

Pond No. 2

Maximum Capacity:	0.67 AC-FT
Maximum Water Surface Elevation:	1,341.5 FT (Overflow Elev.)
Depth to Overflow:	5.0 FT
Bottom Surface Area:	4,374 SF

Pond No. 3

Maximum Capacity:	0.67 AC-FT
Maximum Water Surface Elevation:	1,341.5 FT (Overflow Elev.)
Depth to Overflow:	5.0 FT
Bottom Surface Area:	4,374 FT_2

Recovery Pump Station

Pump Number, Type:	2, Submersible
Capacity, each	(Unknown)
Horsepower, volts, phase	1 HP, 480V, 3 ø

APPENDIX D

CITY OF LAKEPORT
Budget
Fiscal Year 2009 / 2010
Water Maintenance & Operations
Fund 501

Account No.	Description	2006/2007 Actual	2007/2008 Actual	2008/2009 Actual	2009/2010 Requested
	Revenue:				
750.501	Interest Earnings	29,406	22,620		12,956
770.701	Water Service Charges-Inside	1,063,722	1,123,022		1,150,000
770.702	Water Service Charges-Outside	1,690	200		500
770.703	Water Service Misc. Fees	92,911	91,436		90,000
770.704	Water Service Connection Charge	17,680	12,510		5,000
780.801	Sundry Revenues	233	(105)		-
780.806	Insurance Rebates	8,488	-		-
	Total Revenue	**1,214,131**	**1,249,685**	-	**1,258,456**
	Expenditures:				
910.000	Salaries	412,650	447,455		406,712
911.000	Benefits	213,220	228,997		170,327
912.000	Part Time Employee Salaries	402	-		2,500
915.000	Overtime Pay	3,951	3,216		1,000
915.001	Standby Pay	4,329	4,314		4,000
916.000	Retiree Health Insurance	31,430	38,519		37,657
	Total Salaries and Benefits	665,981	722,500	-	622,196
920.000	Electricity and Propane	83,990	88,698		90,000
921.000	Telephone	7,484	8,126		7,500
922.000	Advertising & Public Notices	881	970		3,900
923.000	Postage	6,656	6,572		8,000
924.000	Office Supplies	1,992	2,526		2,000
925.000	Gasoline and Oil	7,405	9,018		10,500
926.000	Vehicle Maintenance	1,330	487		5,030
927.000	Equipment Maintenance	17,351	16,401		16,800
928.000	Special Departmental Supplies	56,249	49,990		47,000
928.001	Yolo County Water Purchases	11,808	10,847		11,000
929.000	Equipment Rents and Leases	929	632		2,045
929.001	Office Rent/Maint and City Council	-	-		53,928
930.000	Professional/Contractual Services	34,970	76,907		73,766
930.002	Professional Services - Eng/Planning	-	17,258		15,000
930.003	Professional Services - Public Works	-	-		-
930.010	Regulatory Permit Fees	-	-	-	27,000
931.000	Dues and Subscriptions	1,078	2,091		2,457
932.000	Insurance and Surety Bonds	53,101	37,643		34,638
933.000	Travel and Training	2,522	5,615		7,100
940.000	Property Taxes	564	573		800
941.000	Amortization Expense	19,429	-		-
942.000	Depreciation Expense	184,773			-
950.000	Debt Service	-	-		254,155
950.002	Water Loans Principal	82,165	86,572		-
951.002	Water Loans Interest	171,940	167,799		-
951.007	Water Project Interim Loan Interest	-			-
	Total Operating Expense	746,614	588,725	-	672,619

CITY OF LAKEPORT
Budget
Fiscal Year 2009 / 2010
Water Maintenance & Operations
Fund 501

Account No.	Description	2006/2007 Actual	2007/2008 Actual	2008/2009 Actual	2009/2010 Requested
960.000	Automobiles and Trucks	-	4,200		
970.000	Shop/Other Equipment	2,894	5,930		3,000
980.000	Office Equipment and Furnishings	1,178	1,899		
990.000	Land, Structures, and Improvements	17,823	1,745		20,000
	Total Capital Outlay	21,896	13,774	-	23,000
	Total Expenditures	**1,434,491**	**1,324,999**	**-**	**1,317,815**

CITY OF LAKEPORT
Budget
Fiscal Year 2009 / 2010
Sewer Maintenance & Operations
Fund 601

Account No.	Description	2006/2007 Actual	2007/2008 Actual	2008/2009 Actual	2009/2010 Requested
	Revenue:				
700.008	CLMSD M & O Tax	1,265	2,408		1,000
750.501	Interest Earnings	16,156	1,376		3,650
750.502	Property Leases	30,000	22,500		25,000
770.706	CLMSD Service Charges	1,071,794	1,276,513		1,470,536
770.707	CLMSD Service Misc Fees	753	-		-
770.708	CLMSD County Service Charges	118,724	189,894		100,000
770.709	CLMSD Service Connection Charges	14,821	18,910		10,000
770.716	CLMSD Basin 2000	89,880	92,610		95,000
780.801	Sundry Revenues	141	-		-
780.806	Insurance Rebates	14,880	-		-
780.825	Other Income	-	-		46,000
780.850	Bond Proceeds	-	2,296,174		-
	Total Revenue	**1,358,414**	**3,900,384**	**-**	**1,751,186**
	Expenditures:				
910.000	Salaries	413,633	437,496		500,776
911.000	Benefits	220,324	224,614		230,979
912.000	Part Time Employee Salaries	402	-		2,500
915.000	Overtime Pay	7,658	8,643		2,000
915.001	Standby	4,302	4,074		4,000
916.000	Retiree Health Insurance	31,218	38,678		46,885
	Total Salaries and Benefits	677,537	713,505	-	787,140
920.000	Electricity and Propane	169,222	138,802		140,000
921.000	Telephone	10,027	10,655		10,000
922.000	Advertising & Public Notices	1,930	1,706		1,562
923.000	Postage	6,188	5,539		6,400
924.000	Office Supplies	2,370	2,309		1,925
925.000	Gasoline and Oil	12,418	18,068		20,000
926.000	Vehicle Maintenance	715	1,750		6,400
927.000	Equipment Maintenance	24,227	21,952		16,000
928.000	Special Departmental Supplies	45,481	45,193		38,262
929.000	Equipment Rents and Leases	888	1,183		1,845
929.001	Office Rent/Maint and City Council	-	-		53,928
930.000	Professional/Contractual Services	473,772	343,618		132,207
930.002	Professional Services - Eng/Planning	-	-		25,500
930.008	Basin 2000 Payments	89,411	91,756		95,000
930.009	NW Treatment Plant Expense	-	-	-	150,000
930.010	Regulatory Permit Fees	-	-	-	20,000
931.000	Dues and Subscriptions	580	1,400		1,532
932.000	Insurance and Surety Bonds	86,229	67,653		60,722
933.000	Travel and Training	1,392	4,098		8,250
940.000	Property Taxes	2,289	2,327		3,500
942.000	Depreciation Expense	551,937	-		-
950.000	Debt Service	-	-		186,560

CITY OF LAKEPORT
Budget
Fiscal Year 2009 / 2010
Sewer Maintenance & Operations
Fund 601

Account No.	Description	2006/2007 Actual	2007/2008 Actual	2008/2009 Actual	2009/2010 Requested
950.003	FHA Sewer Rev Bond Principal	16,000	-		-
951.003	FHA Sewer Rev Bond Interest	12,300	-		-
	Total Operating Expense	1,507,374	758,007	-	979,593
960.000	Automobiles and Trucks	3,582	4,200		
970.000	Shop/Other Equipment	5,576	5,825		
980.000	Office Equipment and Furnishings	1,178	1,238		
990.000	Land, Structures, and Improvements	580	5,993		9,500
990.401	Ashe Street Pump Station	-	-		-
990.402	W/W Treatment Plant Improvement Project	-	2,528,619		-
	Total Capital Outlay	10,916	2,545,875	-	9,500
	Total Expenditures	**2,195,826**	**4,017,387**	**-**	**1,776,233**

Budget Detail

Budget
Fiscal Year 2010/2011
Water Maintenance & Operations
Fund 501

Account No.	Description	2008/2009 Actual	2009/2010 Adopted	2009/2010 Actuals	2010/2011 Preliminary	2010/2011 Final Budget
	Revenue:					
750.501	Interest Earnings	13,619	12,956	7,762	5,084	5,084
770.701	Water Service Charges-Inside	1,159,404	1,150,000	1,125,996	1,150,000	1,150,000
770.702	Water Service Charges-Outside	2,610	500	(4,760)	500	500
770.703	Water Service Misc. Fees	97,434	90,000	96,159	90,000	90,000
770.704	Water Service Connection Charge	462	5,000	-	1,000	1,000
750.851	Loan/Grant Proceeds					600,000
780.801	Sundry Revenues	104	-	(149)	-	-
	Total Revenue	**1,273,633**	**1,258,456**	**1,225,008**	**1,246,584**	**1,846,584**
	Expenditures:					
910.000	Salaries	450,571	406,712	422,885	419,491	391,888
911.000	Benefits	178,513	170,327	165,274	170,003	152,310
912.000	Part Time Employee Salaries	3,082	2,500	4,819	4,500	4,500
915.000	Overtime Pay	2,536	1,000	2,989	1,000	1,000
915.001	Standby Pay	3,285	4,000	3,183	4,000	4,000
916.000	Retiree Health Insurance	30,813	37,657	38,125	33,755	38,012
	Total Salaries and Benefits	668,800	622,196	637,074	632,749	591,709
920.000	Electricity and Propane	73,258	90,000	123,625	109,000	109,000
921.000	Telephone	7,882	7,500	7,534	7,550	7,550
922.000	Advertising & Public Notices	-	3,900	849	5,500	5,500
923.000	Postage	6,614	8,000	8,066	9,700	9,700
924.000	Office Supplies	1,830	2,000	2,636	2,000	2,000
925.000	Gasoline and Oil	7,011	10,500	6,733	10,000	10,000
926.000	Vehicle Maintenance	2,011	5,030	2,711	5,000	5,000
927.000	Equipment Maintenance	7,759	16,800	11,030	16,000	18,200
928.000	Special Departmental Supplies	37,204	47,000	38,714	45,000	62,700
928.001	Yolo County Water Purchases	5,021	11,000	5,753	10,000	10,000
929.000	Equipment Rents and Leases	930	2,045	900	1,500	1,500
929.001	Office Rent/Maint and City Council	49,041	53,928	53,928	54,845	54,845
930.000	Professional/Contractual Services	48,787	58,768	46,507	66,520	68,920
930.002	Professional Services - Eng/Planning	-	15,000	14,970	5,000	5,000
930.010	Regulatory Permit Fees	-	27,000	9,018	29,500	29,500
931.000	Dues and Subscriptions	1,339	2,457	2,191	2,400	2,400
932.000	Insurance and Surety Bonds	41,674	34,638	48,218	35,842	35,842
933.000	Travel and Training	2,325	7,100	5,794	8,350	8,350
940.000	Property Taxes	592	800	612	800	800
940.001	Vector Control Assessment	-	-	23	23	23
942.000	Depreceiation Expense	-	-	143,205	-	-
950.000	Debt Service	-	254,155	-	254,159	254,159
950.002	Water Loans Principal	90,607	-	138,272	-	-
951.002	Water Loans Interest	163,448	-	364,814	-	-
	Total Operating Expense	547,313	657,619	1,036,105	678,689	698,989
960.000	Automobiles and Trucks	-	-		-	-
970.000	Shop/Other Equipment	5,785	3,000	2,755	-	7,000
980.000	Office Equipment and Furnishings	2,894	-	1,108	-	2,300
990.000	Land, Structures, and Improvements	7,828	20,000	13,677	-	5,000
990.000	Green Ranch Purchase	-	-	-	-	600,000
	Total Capital Outlay	16,507	23,000	17,540	-	614,300
790.000	Transfer Out	-	-	279,913		
	Total Transfers Out	-	-	279,913	-	-
	Total Expenditures	**1,232,619**	**1,302,815**	**1,970,632**	**1,311,438**	**1,904,998**

Budget Surplus/(Deficit)	**(58,413)**
Beginning Fund Balance	**349,669**
Anticipated Ending Fund Balance	**291,256**

Budget Detail

Budget
Fiscal Year 2010/2011
Sewer Maintenance & Operations
Fund 601

Account No.	Description	2008/2009 Actual	2009/2010 Adopted	2009/2010 Actuals	2010/2011 Preliminary	2010/2011 Final Budget
	Revenue:					
700.008	CLMSD M & O Tax	1,008	1,000	2,545	1,237	1,237
750.501	Interest Earnings	3,716	3,650	1,088	1,385	1,385
750.502	Property Leases	30,000	25,000	25,000	25,000	25,000
770.706	CLMSD Service Charges	1,581,433	1,470,536	1,463,250	1,475,000	1,475,000
770.707	CLMSD Service Misc Fees	165	-	-	-	-
770.708	CLMSD County Service Charges	71,038	100,000	72,699	75,000	75,000
770.709	CLMSD Service Connection Charges	1,218	10,000	-	1,200	1,200
770.716	CLMSD Basin 2000	94,284	95,000	93,625	95,000	95,000
780.825	Other Income	-	46,000	-	-	-
780.850	Bond Proceeds	248,212	-		-	-
790.000	Transfers In				-	27,742
	Total Revenue	**2,031,075**	**1,751,186**	**1,658,207**	**1,673,822**	**1,701,564**
	Expenditures:					
910.000	Salaries	540,442	500,776	555,538	465,975	443,700
911.000	Benefits	220,684	230,979	216,687	190,756	176,328
912.000	Part Time Employee Salaries	3,082	2,500	4,670	4,500	4,500
915.000	Overtime Pay	14,924	2,000	5,588	1,200	1,200
915.001	Standby	4,606	4,000	5,708	4,000	4,000
916.000	Retiree Health Insurance	29,031	46,885	48,614	41,683	41,683
	Total Salaries and Benefits	812,769	787,140	836,804	708,114	671,410
920.000	Electricity and Propane	115,405	140,000	109,960	149,000	149,000
921.000	Telephone	10,176	10,000	11,394	10,000	10,000
922.000	Advertising & Public Notices	788	1,562	-	1,000	1,000
923.000	Postage	4,765	6,400	5,960	6,400	6,400
924.000	Office Supplies	1,969	1,925	2,869	2,000	2,000
925.000	Gasoline and Oil	15,188	20,000	12,259	15,000	15,000
926.000	Vehicle Maintenance	2,885	6,400	1,629	5,000	5,000
927.000	Equipment Maintenance	10,526	16,000	10,205	9,950	27,950
928.000	Special Departmental Supplies	35,621	38,262	20,745	38,000	38,000
929.000	Equipment Rents and Leases	930	1,845	944	1,500	1,500
929.001	Office Rent/Maint and City Council	53,500	53,928	53,928	54,845	54,845
930.000	Professional/Contractual Services	226,433	117,207	107,834	80,550	80,550
930.002	Professional Services - Eng/Planning	549	25,500	14,109	18,250	18,250
930.008	Basin 2000 Payments	92,130	95,000	69,472	95,000	95,000
930.009	NW Treatment Plant Expense	39,624	150,000	142,252	150,000	150,000
930.010	Regulatory Permit Fees	-	20,000	17,502	20,500	20,500
931.000	Dues and Subscriptions	974	1,532	622	1,200	1,200
932.000	Insurance and Surety Bonds	61,383	60,722	80,457	50,933	50,933
933.000	Travel and Training	7,563	8,250	6,538	6,600	6,600
940.000	Property Taxes	2,410	3,500	2,461	3,000	3,000
940.001	Vector Control Assessment	-	-	67	100	100
942.000	Depreciation Expense	-	-	624,355	-	-
950.000	Debt Service	160,498	186,560	186,560	189,460	189,460
	Total Operating Expense	843,318	964,693	1,482,123	908,288	926,288
960.000	Automobiles and Trucks	-	-		-	-
970.000	Shop/Other Equipment	12,328	-	632	-	18,000
980.000	Office Equipment and Furnishings	3,005	-	1,029	-	-
990.000	Land, Structures, and Improvements	15,625	9,500	-		
990.402	W/W Treatment Plant Improvement Project	22,117	-	-	-	-
	Total Capital Outlay	53,076	9,500	1,662	-	18,000
	Total Expenditures	**1,709,162**	**1,761,233**	**2,320,588**	**1,616,402**	**1,615,698**

Budget Surplus/(Deficit)		**85,866**
Beginning Fund Balance		**252,410**
Anticipated Ending Fund Balance		**338,276**

	Prior Year Actual	Current Yr Amended Budget	Current Year Estimate	Next Year Adopted Budget	Budget Percent Change
Fund: 501 - WATER UTILITY M & O FUND					
Expenditures					
Dept: 0000 NON-DEPARTMENTAL					
991.000 TRANSFERS OUT	0	0	0	42,000	0.00
Total NON-DEPARTMENTAL	0	0	0	42,000	0.00
Dept: 1020 ADMINISTRATIVE SERVICES					
910.000 REGULAR EMPLOYEE SALARIES	0	0	0	46,380	0.00
911.000 FRINGE BENEFITS	0	0	0	16,948	0.00
930.000 PROFESSIONAL/CONTRACTURAL SVCS	0	0	0	7,000	0.00
932.000 INSURANCE AND SURETY BONDS	0	0	0	1,980	0.00
Total ADMINISTRATIVE SERVICES	0	0	0	72,308	0.00
Dept: 1030 CITY ATTORNEY-GEN'L					
910.000 REGULAR EMPLOYEE SALARIES	0	0	0	7,619	0.00
911.000 FRINGE BENEFITS	0	0	0	4,616	0.00
932.000 INSURANCE AND SURETY BONDS	0	0	0	516	0.00
Total CITY ATTORNEY-GEN'L	0	0	0	12,751	0.00
Dept: 1041 FINANCE					
910.000 REGULAR EMPLOYEE SALARIES	0	0	0	69,149	0.00
911.000 FRINGE BENEFITS	0	0	0	31,852	0.00
912.000 PART TIME EMPLOYEE SALARIES	0	0	0	3,200	0.00
915.000 OVERTIME PAY	0	0	0	500	0.00
921.000 TELEPHONE	0	0	0	2,323	0.00
922.000 ADVERTISING & PUBLIC NOTICES	0	0	0	2,500	0.00
923.000 POSTAGE	0	0	0	6,000	0.00
924.000 OFFICE SUPPLIES	0	0	0	1,000	0.00
927.000 EQUIPMENT MAINTENANCE	0	0	0	2,000	0.00
928.000 SPECIAL DEPARTMENTAL SUPPLIES	0	0	0	1,075	0.00
929.000 EQUIPMENT RENTS AND LEASES	0	0	0	250	0.00
930.000 PROFESSIONAL/CONTRACTURAL SVCS	0	0	0	10,663	0.00
931.000 DUES AND SUBSCRIPTIONS	0	0	0	188	0.00
932.000 INSURANCE AND SURETY BONDS	0	0	0	2,579	0.00
933.000 TRAVEL AND TRAINING	0	0	0	1,775	0.00
980.000 OFFICE EQUIPMENT/FURNISHINGS	0	0	0	623	0.00
Total FINANCE	0	0	0	135,677	0.00
Dept: 1050 COMMUNITY DEV: PLANNING					
910.000 REGULAR EMPLOYEE SALARIES	0	0	0	6,743	0.00
911.000 FRINGE BENEFITS	0	0	0	2,760	0.00
932.000 INSURANCE AND SURETY BONDS	0	0	0	660	0.00
Total COMMUNITY DEV: PLANNING	0	0	0	10,163	0.00
Dept: 1051 COMMUNITY DEV: BUILDING					
910.000 REGULAR EMPLOYEE SALARIES	0	0	0	5,898	0.00
911.000 FRINGE BENEFITS	0	0	0	2,413	0.00
932.000 INSURANCE AND SURETY BONDS	0	0	0	660	0.00
Total COMMUNITY DEV: BUILDING	0	0	0	8,971	0.00
Dept: 1052 CITY ENGINEER					
910.000 REGULAR EMPLOYEE SALARIES	0	0	0	22,328	0.00
911.000 FRINGE BENEFITS	0	0	0	10,738	0.00
932.000 INSURANCE AND SURETY BONDS	0	0	0	1,032	0.00
Total CITY ENGINEER	0	0	0	34,098	0.00
Dept: 3020 PUBLIC WORKS					
910.000 REGULAR EMPLOYEE SALARIES	0	0	0	30,110	0.00
911.000 FRINGE BENEFITS	0	0	0	15,085	0.00
932.000 INSURANCE AND SURETY BONDS	0	0	0	2,888	0.00
Total PUBLIC WORKS	0	0	0	48,083	0.00

	Prior Year Actual	Current Yr Amended Budget	Current Year Estimate	Next Year Adopted Budget	Budget Percent Change
Fund: 501 - WATER UTILITY M & O FUND					
Expenditures					
Dept: 4020 CLMSD MAINTENANCE & OPERATIONS					
910.000 REGULAR EMPLOYEE SALARIES	0	0	0	42,597	0.00
911.000 FRINGE BENEFITS	0	0	0	19,874	0.00
Total CLMSD MAINTENANCE & OPERATIONS	0	0	0	62,471	0.00
Dept: 5020 WATER MAINTENANCE & OPERATIONS					
910.000 REGULAR EMPLOYEE SALARIES	422,885	391,888	370,000	195,724	-50.06
911.000 FRINGE BENEFITS	165,274	152,310	170,000	105,778	-30.55
912.000 PART TIME EMPLOYEE SALARIES	4,619	4,500	5,054	9,100	102.22
915.000 OVERTIME PAY	2,989	1,000	3,130	3,500	250.00
915.001 STANDBY PAY	3,183	4,000	4,000	4,000	0.00
920.000 ELECTRICITY AND PROPANE	123,625	109,000	100,000	107,000	-1.83
921.000 TELEPHONE	7,534	7,550	6,183	3,500	-53.64
922.000 ADVERTISING & PUBLIC NOTICES	849	5,500	4,000	2,300	-58.18
923.000 POSTAGE	8,066	9,700	7,000	3,150	-67.53
924.000 OFFICE SUPPLIES	2,636	2,000	2,000	2,000	0.00
925.000 GASOLINE AND OIL	6,733	10,000	7,462	10,000	0.00
926.000 VEHICLE MAINTENANCE	2,711	5,000	3,500	7,000	40.00
927.000 EQUIPMENT MAINTENANCE	11,030	18,200	17,809	22,450	23.35
928.000 SPECIAL DEPARTMENTAL SUPPLIES	38,714	62,700	71,424	44,100	-29.67
928.001 YOLO COUNTY WATER PURCHASES	5,753	10,000	6,820	8,000	-20.00
928.005 TREATMENT CHEMICALS	0	0	0	38,000	0.00
929.000 EQUIPMENT RENTS AND LEASES	900	1,500	1,200	1,300	-13.33
929.001 OFFICE RENT/MNTNCE & CITY CNCL	53,928	54,845	54,845	54,000	-1.54
930.000 PROFESSIONAL/CONTRACTURAL SVCS	46,507	66,920	62,904	50,000	-25.28
930.002 PROFESSIONAL SVCS-ENGR/PLNG	14,970	5,000	6,211	8,500	70.00
930.004 LAB ANALYSIS	0	0	0	17,500	0.00
930.010 REGULATORY PERMIT FEES	9,018	29,500	8,829	13,700	-53.56
931.000 DUES AND SUBSCRIPTIONS	2,191	2,400	1,594	7,375	207.29
932.000 INSURANCE AND SURETY BONDS	48,218	35,842	42,381	30,942	-13.67
933.000 TRAVEL AND TRAINING	5,794	8,350	4,000	8,500	1.80
940.000 PROPERTY TAXES	612	800	724	804	0.50
940.001 VECTOR CONTROL ASSESSMENT	23	23	23	50	117.39
950.000 DEBT SERVICE	0	254,159	0	254,069	-0.04
970.000 SHOP/OTHER EQUIPMENT	2,755	7,000	7,000	14,250	103.57
980.000 OFFICE EQUIPMENT/FURNISHINGS	1,108	2,300	2,000	1,700	-26.09
990.000 LAND, STRUCTURES & IMPRVMNTS	13,677	605,000	351,795	355,500	-41.24
Total WATER MAINTENANCE & OPERATIONS	1,006,303	1,866,987	1,321,888	1,383,792	-25.88
Total Expenditures	1,006,303	1,866,987	1,321,888	1,810,314	-3.04
Total WATER UTILITY M & O FUND	218,705	-20,403	-54,896	173,876	0.00
Fund: 502 - WATER EXPANSION FUND					
Revenues					
Dept: 0000 NON-DEPARTMENTAL					
750.501 INTEREST EARNINGS	2,278	0	1,348	1,580	0.00
770.705 WATER SERVICE EXPANSION FEE	24,280	0	14,686	10,000	0.00
Total NON-DEPARTMENTAL	26,558	0	16,034	11,580	0.00
Total Revenues	26,558	0	16,034	11,580	0.00

	Prior Year Actual	Current Yr Amended Budget	Current Year Estimate	Next Year Adopted Budget	Budget Percent Change
Fund: 502 - WATER EXPANSION FUND					
Expenditures					
Dept: 5020 WATER MAINTENANCE & OPERATIONS					
990.000 LAND, STRUCTURES & IMPRVMNTS	0	250,000	0	250,000	0.00
Total WATER MAINTENANCE & OPERATIONS	0	250,000	0	250,000	0.00
Total Expenditures	0	250,000	0	250,000	0.00
Total WATER EXPANSION FUND	26,558	-250,000	16,034	-238,420	0.00
Fund: 601 - CLMSD UTILITY M & O FUND					
Revenues					
Dept: 0000 NON-DEPARTMENTAL					
700.008 CLMSD M&O TAX	2,545	1,237	33,836	3,000	142.52
750.501 INTEREST EARNINGS	1,088	1,385	1,500	1,500	8.30
750.502 PROPERTY LEASES	25,000	25,000	25,000	25,000	0.00
770.706 CLMSD SERVICE CHARGES	1,463,250	1,475,000	1,475,000	1,504,500	2.00
770.707 CLMSD SERVICE MISC FEES	0	0	0	100	0.00
770.708 CLMSD COUNTY SERVICE CHARGES	72,699	75,000	105,000	75,000	0.00
770.709 CLMSD SVC CONNECTION CHARGE	0	1,200	0	1,000	-16.67
770.716 CLMSD BASIN 2000	93,625	95,000	95,000	90,000	-5.26
780.825 OTHER INCOME	0	0	0	100	0.00
Total NON-DEPARTMENTAL	1,658,207	1,673,822	1,735,336	1,700,200	1.58
Total Revenues	1,658,207	1,673,822	1,735,336	1,700,200	1.58

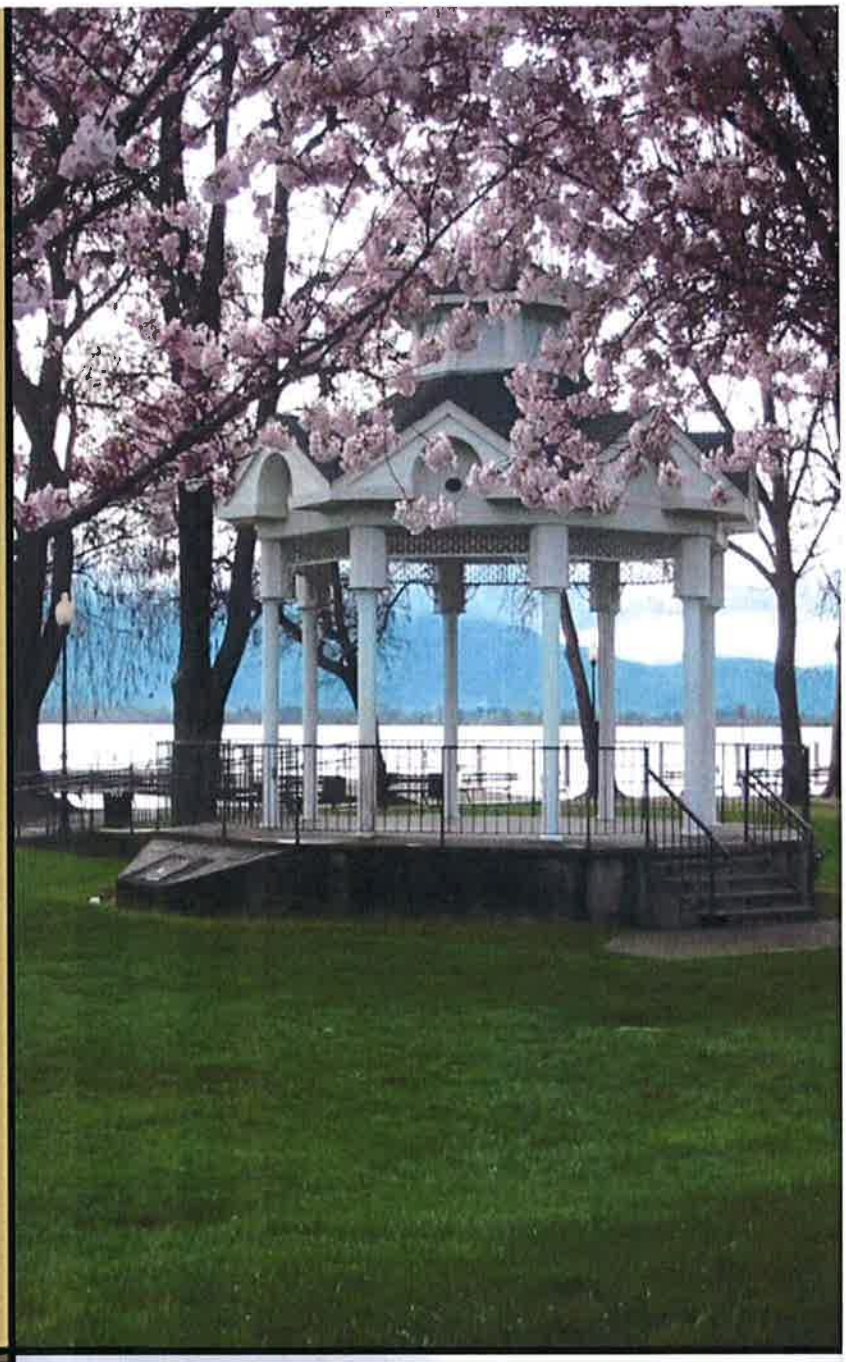
	Prior Year Actual	Current Yr Amended Budget	Current Year Estimate	Next Year Adopted Budget	Budget Percent Change
Fund: 601 - CLMSD UTILITY M & O FUND					
Expenditures					
Dept: 0000 NON-DEPARTMENTAL					
991.000 TRANSFERS OUT	0	0	0	45,000	0.00
Total NON-DEPARTMENTAL	0	0	0	45,000	0.00
Dept: 1020 ADMINISTRATIVE SERVICES					
910.000 REGULAR EMPLOYEE SALARIES	0	0	0	46,380	0.00
911.000 FRINGE BENEFITS	0	0	0	16,948	0.00
930.000 PROFESSIONAL/CONTRACTURAL SVCS	0	0	0	7,000	0.00
932.000 INSURANCE AND SURETY BONDS	0	0	0	1,980	0.00
Total ADMINISTRATIVE SERVICES	0	0	0	72,308	0.00
Dept: 1030 CITY ATTORNEY-GEN'L					
910.000 REGULAR EMPLOYEE SALARIES	0	0	0	7,619	0.00
911.000 FRINGE BENEFITS	0	0	0	4,616	0.00
932.000 INSURANCE AND SURETY BONDS	0	0	0	516	0.00
Total CITY ATTORNEY-GEN'L	0	0	0	12,751	0.00
Dept: 1041 FINANCE					
910.000 REGULAR EMPLOYEE SALARIES	0	0	0	65,222	0.00
911.000 FRINGE BENEFITS	0	0	0	30,089	0.00
912.000 PART TIME EMPLOYEE SALARIES	0	0	0	3,200	0.00
915.000 OVERTIME PAY	0	0	0	500	0.00
921.000 TELEPHONE	0	0	0	2,323	0.00
922.000 ADVERTISING & PUBLIC NOTICES	0	0	0	2,500	0.00
923.000 POSTAGE	0	0	0	6,000	0.00
924.000 OFFICE SUPPLIES	0	0	0	1,000	0.00
927.000 EQUIPMENT MAINTENANCE	0	0	0	2,000	0.00
928.000 SPECIAL DEPARTMENTAL SUPPLIES	0	0	0	1,075	0.00
929.000 EQUIPMENT RENTS AND LEASES	0	0	0	250	0.00
930.000 PROFESSIONAL/CONTRACTURAL SVCS	0	0	0	10,663	0.00
931.000 DUES AND SUBSCRIPTIONS	0	0	0	188	0.00
932.000 INSURANCE AND SURETY BONDS	0	0	0	2,579	0.00
933.000 TRAVEL AND TRAINING	0	0	0	1,775	0.00
980.000 OFFICE EQUIPMENT/FURNISHINGS	0	0	0	625	0.00
Total FINANCE	0	0	0	129,989	0.00
Dept: 1050 COMMUNITY DEV: PLANNING					
910.000 REGULAR EMPLOYEE SALARIES	0	0	0	6,743	0.00
911.000 FRINGE BENEFITS	0	0	0	2,760	0.00
932.000 INSURANCE AND SURETY BONDS	0	0	0	660	0.00
Total COMMUNITY DEV: PLANNING	0	0	0	10,163	0.00
Dept: 1051 COMMUNITY DEV: BUILDING					
910.000 REGULAR EMPLOYEE SALARIES	0	0	0	5,898	0.00
911.000 FRINGE BENEFITS	0	0	0	2,413	0.00
932.000 INSURANCE AND SURETY BONDS	0	0	0	660	0.00
Total COMMUNITY DEV: BUILDING	0	0	0	8,971	0.00
Dept: 1052 CITY ENGINEER					
910.000 REGULAR EMPLOYEE SALARIES	0	0	0	22,328	0.00
911.000 FRINGE BENEFITS	0	0	0	10,738	0.00
932.000 INSURANCE AND SURETY BONDS	0	0	0	1,032	0.00
Total CITY ENGINEER	0	0	0	34,098	0.00
Dept: 3020 PUBLIC WORKS					
910.000 REGULAR EMPLOYEE SALARIES	0	0	0	30,110	0.00
911.000 FRINGE BENEFITS	0	0	0	15,058	0.00
932.000 INSURANCE AND SURETY BONDS	0	0	0	2,888	0.00
Total PUBLIC WORKS	0	0	0	48,056	0.00

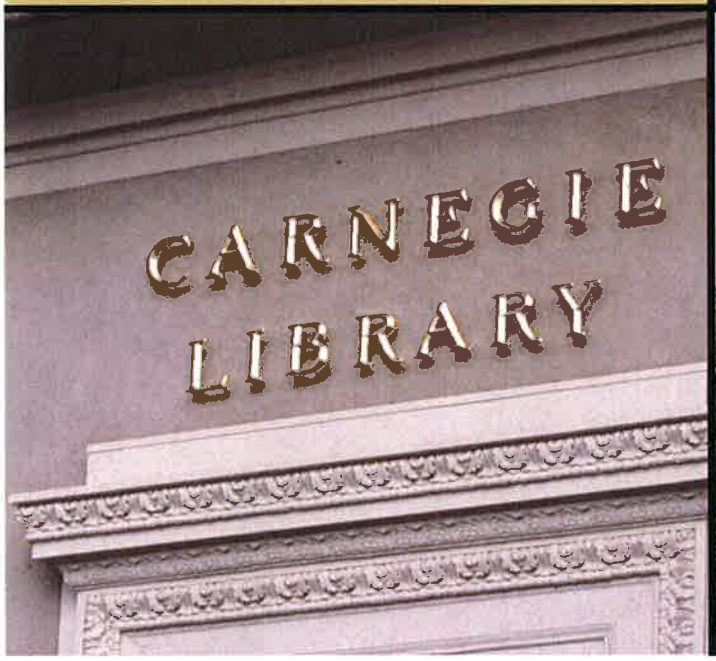
	Prior Year Actual	Current Yr Amended Budget	Current Year Estimate	Next Year Adopted Budget	Budget Percent Change
Fund: 601 - CLMSD UTILITY M & O FUND					
Expenditures					
Dept: 4020 CLMSD MAINTENANCE & OPERATIONS					
910.000 REGULAR EMPLOYEE SALARIES	555,538	443,700	424,125	133,885	-69.83
911.000 FRINGE BENEFITS	216,687	176,328	210,000	63,284	-64.11
912.000 PART TIME EMPLOYEE SALARIES	4,670	4,500	5,054	9,100	102.22
915.000 OVERTIME PAY	5,588	1,200	8,143	8,500	608.33
915.001 STANDBY PAY	5,708	4,000	5,500	5,000	25.00
920.000 ELECTRICITY AND PROPANE	109,960	149,000	185,995	195,500	31.21
921.000 TELEPHONE	11,394	10,000	8,979	8,500	-15.00
922.000 ADVERTISING & PUBLIC NOTICES	0	1,000	2,500	6,900	590.00
923.000 POSTAGE	5,960	6,400	5,580	2,200	-65.63
924.000 OFFICE SUPPLIES	2,869	2,000	2,360	1,200	-40.00
925.000 GASOLINE AND OIL	12,259	15,000	13,074	16,175	7.83
926.000 VEHICLE MAINTENANCE	1,629	5,000	5,824	7,200	44.00
927.000 EQUIPMENT MAINTENANCE	10,205	27,950	18,000	29,000	3.76
928.000 SPECIAL DEPARTMENTAL SUPPLIES	20,745	38,000	38,000	20,900	-45.00
928.005 TREATMENT CHEMICALS	0	0	0	18,000	0.00
929.000 EQUIPMENT RENTS AND LEASES	944	1,500	1,200	1,500	0.00
929.001 OFFICE RENT/MNTNCE & CITY CNCL	53,928	54,845	54,845	48,751	-11.11
930.000 PROFESSIONAL/CONTRACTURAL SVCS	107,834	80,550	80,550	78,350	-2.73
930.002 PROFESSIONAL SVCS-ENGR/PLNG	14,109	18,250	15,000	20,000	9.59
930.004 LAB ANALYSIS	0	0	0	22,000	0.00
930.008 BASIN 2000 PAYMENTS	69,472	95,000	114,394	95,000	0.00
930.009 NW TRTMT PLANT EXPENSE	142,252	150,000	2,152	100,000	-33.33
930.010 REGULATORY PERMIT FEES	17,502	20,500	20,500	22,300	8.78
931.000 DUES AND SUBSCRIPTIONS	622	1,200	1,200	5,600	366.67
932.000 INSURANCE AND SURETY BONDS	80,457	50,933	57,894	29,704	-41.68
933.000 TRAVEL AND TRAINING	6,538	6,600	4,000	6,600	0.00
940.000 PROPERTY TAXES	2,461	3,000	2,907	3,230	7.67
940.001 VECTOR CONTROL ASSESSMENT	67	100	67	90	-10.00
950.000 DEBT SERVICE	186,560	189,460	189,458	187,260	-1.16
970.000 SHOP/OTHER EQUIPMENT	632	18,000	20,418	17,000	-5.56
980.000 OFFICE EQUIPMENT/FURNISHINGS	1,029	0	0	3,700	0.00
990.000 LAND, STRUCTURES & IMPRVMNTS	0	0	119	19,500	0.00
Total CLMSD MAINTENANCE & OPERATIONS	1,647,619	1,574,016	1,497,838	1,185,929	-24.66
Dept: 5020 WATER MAINTENANCE & OPERATIONS					
910.000 REGULAR EMPLOYEE SALARIES	0	0	0	132,260	0.00
911.000 FRINGE BENEFITS	0	0	0	66,330	0.00
Total WATER MAINTENANCE & OPERATIONS	0	0	0	198,590	0.00
Total Expenditures	1,647,619	1,574,016	1,497,838	1,745,855	10.92
Total CLMSD UTILITY M & O FUND	10,588	99,806	237,498	-45,655	-145.74
Fund: 602 - CLMSD EXPANSION FUND					
Revenues					
Dept: 0000 NON-DEPARTMENTAL					
750.501 INTEREST EARNINGS	2,005	0	0	2,333	0.00
770.710 CLMSD SERVICE EXPANSION FEE	65,000	0	-17,724	10,000	0.00
Total NON-DEPARTMENTAL	67,005	0	-17,724	12,333	0.00
Total Revenues	67,005	0	-17,724	12,333	0.00

APPENDIX E

ANNUAL FINANCIAL REPORT

CITY OF LAKEPORT, CALIFORNIA
FISCAL YEAR ENDED JUNE 30, 2011





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ANNUAL FINANCIAL REPORT

CITY OF LAKEPORT, CALIFORNIA

FISCAL YEAR ENDED JUNE 30, 2011

PREPARED BY

FINANCE DEPARTMENT

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City of Lakeport, California
Annual Financial Report
For the Year Ended June 30, 2011

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CITY OF LAKEPORT

Over 100 years of community pride, progress and service

To the Honorable Mayor and members of the City Council and citizens of the City of Lakeport:

We are pleased to submit the City of Lakeport's Annual Financial Report for the fiscal year ended June 30, 2011. Best management practices and Council policy dictate that this report be prepared annually and audited by a licensed certified public accountant within a reasonable period of time following the year end. These financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards.

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rests with the City. We believe the data presented in this report is accurate in all material respects and all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included. Management of the City has established an internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements.

While traditionally addressed to the governing body of the City, this report is intended to provide relevant financial information to external users (non-management employees), who includes the citizens of the City of Lakeport, City staff, creditors, investors, and other concerned readers. We encourage all readers to contact the Finance Department with any questions or comments concerning this report.

The City's financial statements have been audited by JJACPA, Inc., a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2011, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion, which states that the City's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit," designed to meet the special needs of federal grantor agencies. The standards governing Single Audit

engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Reports.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Lakeport

The City of Lakeport operates under a Council-Manager form of government and provides municipal services that include public safety, public works, community development and parks and recreation. In addition, the City provides water and wastewater in the form of enterprise activities. This report includes all funds of the City of Lakeport and its blended component units: the Lakeport Redevelopment Agency and the City of Lakeport Municipal Sewer District (CLMSD), for which the City is financially accountable.

The City Council establishes annual budgets for the general fund, proprietary funds, and all special revenue funds, with a possible exception for certain special revenue funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The City of Lakeport was incorporated on April 30, 1888 as a general law city. With a population of more than 4,700 in a 2.4 square-mile area, Lakeport is graced with a strong business base and a well established residential community.

The Lakeport City Council consists of five members, elected at-large to four-year overlapping terms. Council members must be residents of the City. The positions of Mayor and Mayor Pro Tem are chosen by the City Council through policy direction determined by the City Council. The Mayor conducts the Council meetings and represents the City on ceremonial occasions.

The City Council serves as the policy board for the municipality. As an elected Board of Directors, the City Council provides policy direction, establishes goals, and sets priorities for the City government. In addition to serving as the policy makers for the community, the City Council also is responsible for numerous land use decisions within its borders, including the General Plan. The City Council appoints the City Manager, City Attorney, City Clerk, and all members of advisory boards and commissions.

Lakeport is travel and recreation oriented and is fortunate to have a large area which serves as a hub for recreational activities for Lake County.

The Lakeport business environment is positive and well organized. Driven by an active chamber of commerce, local businesses are community oriented and engaged in City-business partnerships. Improvements and programs include renovations, façade improvements, Main Street events and promotions, and the adoption of a redevelopment plan area.

In Lakeport, the total labor force is approximately 2,170. Unemployment in Lakeport is approximately 16.5 %. Within ten miles, there is a diverse labor force specializing in such occupations as sales, technical and professional services, education and government services, and other specialties.

The City of Lakeport is committed to providing high quality services in an economical manner. For fiscal year 2010-11, the City's efforts were focused in the following areas:

Facilities and Infrastructure – Rehabilitation of roadways and public right-of-ways, including Lakeport Boulevard, High Street, Forbes Street, and sections of Main Street and water and sewer infrastructure replacement and maintenance was of significant importance to the City.

Redevelopment – Façade enhancement projects, right-of-way improvements, and planning and engineering progress for downtown Main Street revitalization efforts were of high priority for Redevelopment and Community Development staff, as well as the City Manager.

Economic Development – Promoting economic development (recruitment and retention of businesses) continued to be one of the City's key operational priorities. The City Manager works closely with staff and the development community to ensure the redevelopment and development of key sites.

Current Economic Conditions and Outlook

The City's economic development efforts and implementation of revised financial policies help to promote Lakeport's long-term fiscal stability. At the direction of the City Manager, staff has conducted a systematic review of operations, resulting (in some cases) in departmental restructuring and the refocusing on basic public services. In support of this effort, City staff have accepted a furlough to ease costs during this difficult economic period, and City operational hours have been reduced by two full days every month. These operational analyses and reforms are intended to provide short-term remedies to decreasing revenues and rising costs and establish a framework to promote long-term savings to the City, ensuring long-term stability.

The City's principle general fund revenue sources are sales tax and property taxes. For FY 2010-11 general Bradley-Burns sales tax revenues declined by over 3.4%. This was offset slightly by a higher transaction and use tax, otherwise known as Measure I. Property taxes were down by 6.5% from last year.

Sales tax is projected to increase by 1-3% for FY 2011-12, and increase by an average of 2-3% per year for the next five years after that. The City is aggressively pursuing annexation of the South Main Street area, which is estimated to be 90% built out and may generate significant sales tax revenue to ensure an adequate level of service provision to that area and the rest of the City. Property taxes are expected to remain relatively flat in FY 2011-12 with possibly a slight increase, suggesting that home sales have begun to move forward as foreclosure properties pass through the system.

The City of Lakeport anticipates minimal revenue growth for the next five years. As part of its path toward fiscal recovery and sustainability, it may rely on one-time uses of its reserves to ensure the best possible level of service to its citizens.

Financial Information

During the past fiscal year, there were significant changes to the financial policies and operations of the Finance Department. These changes were meant to bring the accounting functions and financial management processes of the Department in conformity with GAAP and best management practices. Information concerning significant accounting policies affecting the finances of the City is summarized in the Notes to the Financial Statements.

Acknowledgements

The preparation of this Annual Financial Report could not be accomplished without the efficient and dedicated service of the entire staff of the Finance Department, the City's Management Team, and the auditing firm of JJACPA, Inc. I would like to express my appreciation to Joseph Arch, CPA; Brett Jones; Brian Modrak; and Lori Hammarlund of JJACPA, Inc. and to the members of the Finance Department who assisted and contributed to its preparation.

I would also like to thank members of the City Council, the City Manager, and the various departments for their cooperation and support in planning and conducting the financial operations of the City during the fiscal year.

Respectfully submitted,

Daniel Buffalo, MPA

Finance Director

City of Lakeport
List of Officials
June 30, 2011

CITY COUNCIL

LAKEPORT REDEVELOPMENT AGENCY BOARD OF DIRECTORS

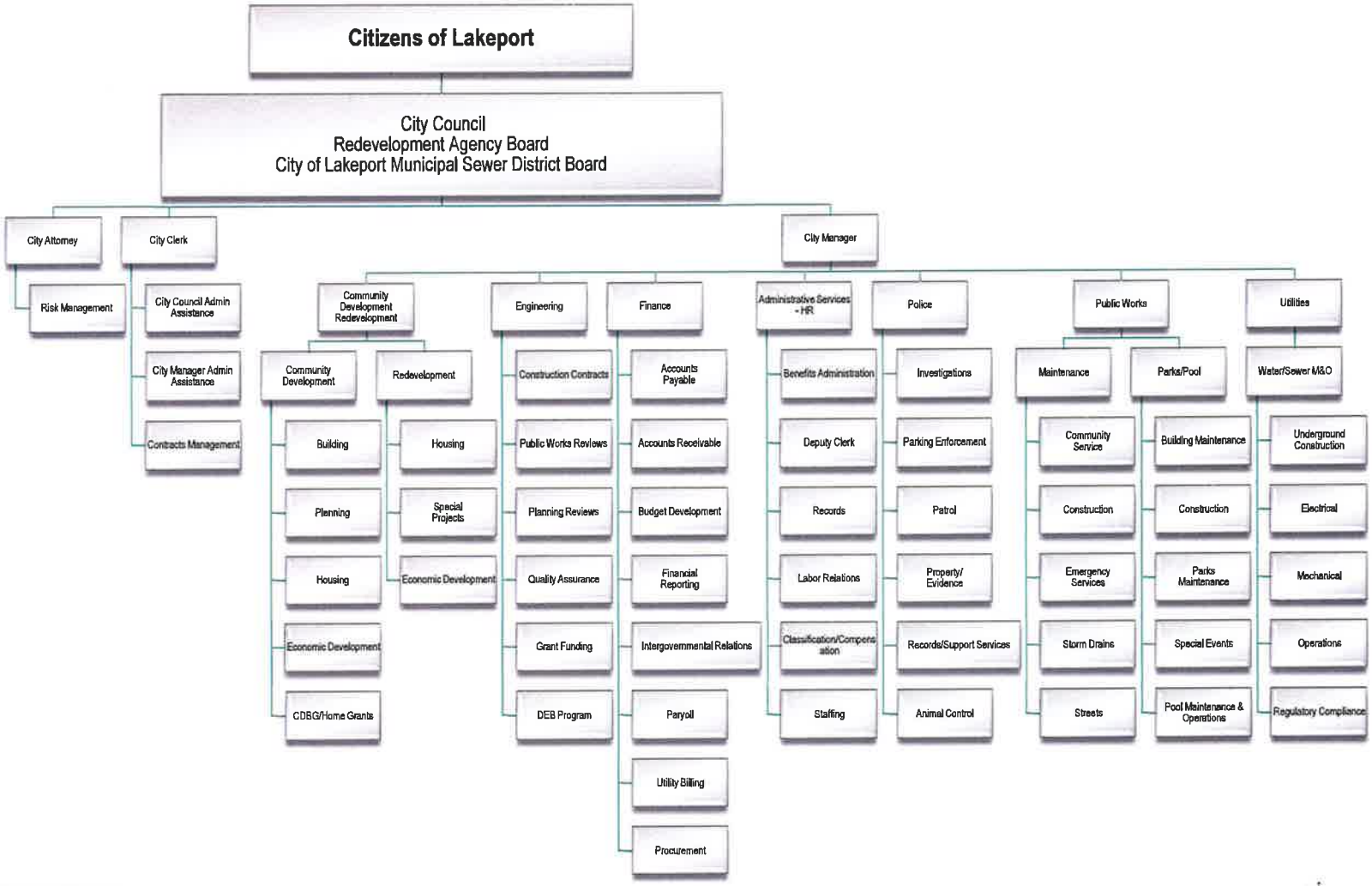
CITY OF LAKEPORT MUNICIPAL SEWER DISTRICT BOARD OF DIRECTORS

Suzanne Lyons	Mayor
Stacey Mattina	Mayor Pro Tem
Robert Rumfelt	Council Member
Thomas Engstrom	Council Member
Roy Parmentier	Council Member

MANAGEMENT TEAM

Margaret Silveira	City Manager
Steven Brookes	City Attorney
Janel Chapman	City Clerk
Brad Rasmussen	Chief of Police
Daniel Buffalo	Finance Director
Richard Knoll	Community Development/Redevelopment Director
Kelly Buendia	Administrative Services Director
Scott Harter	City Engineer
Mark Brannigan	Utilities Director
Douglas Grider	Public Works Director

City Organizational Chart



JJACPA, Inc.
A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
of the City of Lakeport
Lakeport, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakeport, California (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management; our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10 to the basic financial statements, the accompanying financial statements reflect certain changes required as a result of implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* for the year ended June 30, 2011.

349 Main Street, Suite 204, Pleasanton, CA 94566 • phone: (925) 462-6400 • fax: (510) 217-5930
www.jjacpa.com

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, which includes the combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

JJACPA, Inc.

March 14, 2012

JJACPA, Inc

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Management Discussion and Analysis (MD&A)

The following discussion provides readers of the City of Lakeport's financial statements a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the Independent Auditor's Report, the basic financial statements, and the accompanying notes.

FINANCIAL HIGHLIGHTS

- City assets exceeded its liabilities by nearly $21 million (net assets) as of June 30, 2011. Of this amount, nearly $8.6 million (unrestricted net assets) may be used to meet the government's ongoing obligations to its citizens and creditors.
- City net assets in total increased by $1.29 million during the fiscal year, compared to a decrease of $1.06 million in fiscal year 2009/2010. This was the result of the recognition of housing and economic development loans issued by the City, higher than anticipated revenues for the year, significant cost-cutting measures put in place by city management.
- Fund balances for City governmental funds (i.e., the general fund and its reserve, redevelopment funds, and special revenue funds) are reported to be $9.6 million, as of year-end close, June 30, 2011.
- Of the $9.6 million in total governmental fund balance, $2.1 million is classified as unassigned and available at the City's discretion.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Annual Financial Report is presented in two major parts:

1) **Introductory section**, which includes the Transmittal Letter and general information, and

2) **Financial section**, which includes the Management's Discussion and Analysis, the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements along with the notes to these financial statements and Combining and Individual Fund Financial Statements and Schedules

This discussion and analysis is intended to serve as an introduction to the financial section. The statements of this section are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to that found in the basic statements.

The City of Lakeport is presented as the primary government and reporting entity. The City of Lakeport Redevelopment Agency and the City of Lakeport Municipal Sewer District (CLMSD) are legally separate entities, but are for reporting purposes considered component units of the City. All three entities (the City and the component units) are reported herein on a blended basis, as opposed to a discrete presentation.

The Government-wide Financial Statements

The government-wide financial statements provide an overview of the City's activities and are comprised of the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the City as a whole, including all of its capital assets and long-term liabilities on the full-accrual basis, similar to that used by private sector entities. The Statement of Activities provides information about all of the City's revenues and all of its expenses, also on the full-accrual basis, with the emphasis on measuring net revenues or expenses of each the City's major functions, which have been categorized as follows:

- General Government (e.g., administration, finance and accounting, human resources, legal, city clerk, etc.)
- Community Development (planning, building, storm water management)
- Engineering and Public Works – Roads (city engineer, public works, Westshore Pool)
- Housing and Support Programs
- Redevelopment/Economic Development
- Public Safety (i.e. police)
- Parks, Buildings, and Grounds
- Interest on Long-Term Debt

The Statement of Activities explains in detail the change in Net Assets for the year. It demonstrates how the City's net assets changed during the fiscal year 2010/11 as compared to 2009/10. As was stated earlier, the City's net assets increased by $1.29, which includes costs associated with depreciation and other non-budgeted items that may not have an effect on cash or current financial resources but do affect net assets. The statement presents expenses first categorized by function or activity. This is done so that a direct connection can be made to the cost of providing that service or function for the entire year. The statement then presents how that activity was financed using funds other than those that can be used for any purpose (i.e. taxes, fines, investment earning, etc.). This is an attempt to demonstrate how self-sufficient that activity was during the year. The remainder is the net expense covered by general revenues.

All of the City's activities are grouped into either governmental activities or business-type activities, as explained below. The amounts in the Statement of Net Assets and the Statement of Activities are separated into governmental activities and business-type activities in order to provide a clear summary of these two activities for the City.

Government-wide financial statements, prepared on the accrual basis, measure the flow of all economic resources of the City. There are two basic statements presented here: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets and the Statement of Activities present information about the following:

- **Governmental Activities**—all of the City's basic services are considered to be governmental activities. These services are supported by general city revenues, such as taxes, and by specific program revenues such as user fees and charges.

  The City's governmental activities also include the activities of the Lakeport Redevelopment Agency, a separate legal entity for which the City is financially responsible.

- **Business-type Activities**—The City's enterprise activities of water and wastewater are reported in this area. Unlike governmental activities, these services are supported by charges paid by users based on the amount of the service they use.

Fund Financial Statements

The fund financial statements report the City's operations in more detail than the entity-wide statements and focus primarily on the short-term activities of the City's general fund and other major funds. The fund financial statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Because the focus of fund statements is narrower than that of the government-wide, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impacts of the City's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statements of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Major funds account for the major financial activities of the City and are presented individually, while the activities of non-major funds are presented in summary, with subordinate schedules presenting the detail for each. Major funds are explained below.

The fund financial statements provide detailed information about each of the City's most significant funds, termed major funds. The concept of major funds, and the determination of which are major, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules (Other Supplementary Information, page 80) present the detail of these non-major funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of City's activities.

For the fiscal year ended June 30, 2011, the City's major funds are as follows:

GOVERNMENTAL FUNDS:

- General Fund
- Redevelopment Debt Service Fund
- RDA Low/Mod Housing Fund
- RDA Capital Projects Fund

PROPRIETARY FUNDS:

- Water Enterprise Fund
- Wastewater Enterprise Fund

For the fiscal year ended June 30, 2011, the City adopted annual appropriated budgets for all governmental funds.

Both of the City's enterprise funds (water and sewer) are reported as proprietary funds. Enterprise and internal service fund financial statements are prepared on the full-accrual basis, and include all of their assets and liabilities, current and long-term.

The City does not employ an internal service fund as of June 30, 2011; however, a fund is planned for the succeeding year to manage costs associated with retiree health. Since that fund will provide goods and services only to the City's governmental and business-type activities, its activities will be reported only in total at the fund level. Internal service funds may not be major funds because their revenues are derived from other city funds. These revenues are eliminated in the government-wide financial statements and any related profits or losses are returned to the activities which created them, along with any residual net assets of the internal service fund.

The City adopts an annual appropriated budget for all governmental and proprietary funds. Budgetary comparison statements for the general fund and all major governmental funds are presented and included in the basic financial statements, as required by GASB 34. Proprietary budget comparison statements are not required or presented.

Fiduciary Statements

The City's fiduciary activities are reported in the separate Statement of Fiduciary Assets and Liabilities. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations. The fiduciary statement provides financial information about the activities of special deposits, such as police asset forfeitures and holdings, and for certain other entities, for which the City acts solely as an agent. They provide information about the cash balances and activities of these funds. These statements are separate, and their balances excluded, from the City's basic financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 42–77 of this report. Required Supplementary Information follows the notes on Page 83.

Other Supplementary Information

In addition to the basic financial statements and the accompanying notes, this report also presents combined statements, which illustrate the condition and activities of all non-major funds.

Combining and Individual Fund Financial Statements and Schedules

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 84-95 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed net assets for both governmental and business-type activities.

Net Assets Comparison
June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total Government	
ASSETS	2011	2010	2011	2010	2011	2010
Current:						
Cash and Investments:						
Available for operations	$ 3,568,332	$ 2,980,367	$ 2,626,212	$ 2,449,154	$ 6,194,544	$ 5,429,521
Restricted	2,875,304	3,404,217	-		2,875,304	3,404,217
Receivables	685,503	813,497	254,134	220,984	939,637	1,034,481
Prepaid Expenses	-	-	60,898	97,854	60,898	97,854
Notes Receivable	2,403,921	1,878,708	-	-	2,403,921	1,878,708
Land Held for Resale	407,964	407,964	-	-	407,964	407,964
Plant, property and equipment						
Capital Assets Not Being Depreciated	729,346	827,102	1,775,403	1,775,403	2,504,749	2,602,505
Capital Assets, Net of Depreciation	6,150,115	5,044,768	15,811,095	16,541,958	21,961,210	21,586,726
Deferred Charges	268,000	290,215	165,321	188,448	433,321	478,663
Total Assets	17,088,485	15,646,838	20,693,063	21,273,801	37,781,548	36,920,639
LIABILITIES						
Current:						
Accounts Payable	99,779	181,302	22,656	99,647	122,435	280,949
Accrued Liabilities	104,712	132,924	58,189	38,611	162,901	171,535
Interest Payable	121,524	102,406	257,504	99,280	379,028	201,686
Deposits Payable	-	-	29,880	205,700	29,880	205,700
Compensated absences	6,000	-	9,249	-	15,249	-
Deferred Revenue	51,256	26,833	-	-	51,256	26,833
Noncurrent Liabilities:						
Compensated absences	286,093	-	93,517	-	379,610	-
Due Within One Year	110,040	181,641	220,023	219,075	330,063	400,716
Due in More Than One Year	5,491,103	5,907,458	9,810,037	10,099,227	15,301,140	16,006,685
Net OPEB Obligation	146,429	-	-	-	146,429	-
Total Liabilities	6,416,936	6,532,564	10,501,055	10,761,540	16,917,991	17,294,104
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	1,278,318	(308,329)	7,606,438	8,215,696	8,884,756	7,907,367
Restricted	2,603,186	-	796,958	-	3,400,144	-
Unrestricted	6,790,044	9,422,603	1,838,612	2,296,565	8,628,656	11,719,168
Total Net Assets	$ 10,671,548	$ 9,114,274	$ 10,242,008	$ 10,512,261	$ 20,913,556	$ 19,626,535

In essence, the City's net worth, as of June 30, 2011, was nearly $21 million, an increase of $1.29 million. The increase primarily is attributed to the recognition of housing and business loans previously recorded under a different classification as well as significant cost reduction measures implemented by management. This includes all assets of the City, the Redevelopment Agency, and the water and sewer enterprises.

The change in net assets for the fiscal years ended June 30, 2011 and 2010 are as follows:

	2011			2010		
	Govern-mental Activities	Business-type Activities	Total	Govern-mental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	$ 477,408	$ 2,799,027	$ 3,276,435	$ 679,717	$ 2,957,642	$ 3,637,359
Grants and contributions:						
Operating	815,910	-	815,910	679,776	-	679,776
Capital	1,146,165	-	1,146,165	391,021	-	391,021
General revenues:						
Property taxes and assessments	2,008,630	382,917	2,391,547	2,546,908	328,852	2,875,760
Transient occupancy taxes	68,827	-	68,827	88,966	-	88,966
Sales and use tax	1,547,458	-	1,547,458	934,870	-	934,870
Franchise taxes	271,243	-	271,243	113,405	-	113,405
Utility users tax	-	-	-	-	-	-
Other taxes	133,311	-	133,311	-	-	-
Motor vehicle in lieu	23,541	-	23,541	-	-	-
Use of money and property	24,889	39,403	64,292	58,349	41,111	99,460
Other general	1,610,482	209,852	1,820,334	502,692	-	502,692
Loss on sale of capital assets	-	-	-	-	-	-
Total revenues	8,127,864	3,431,199	11,559,063	5,995,704	3,327,605	9,323,309
Expenses:						
Governmental activities:						
General government	1,955,462	-	1,955,462	3,364,170	-	3,364,170
Community development	357,986	-	357,986	-	-	-
Engineering and Public Works	1,476,308	-	1,476,308	735,385	-	735,385
Housing and Support Programs	174,126	-	174,126		-	-
Redevelopment/Economic Development	200,195	-	200,195		-	-
Public safety	1,784,887	-	1,784,887	1,830,624	-	1,830,624
Parks and recreation	312,916	-	312,916	322,502	-	322,502
Interest and fiscal charges	308,710	-	308,710	302,138	-	302,138
Business-type activities:						
Water	-	1,412,891	1,412,891	-	1,356,420	1,356,420
Wastewater	-	2,288,561	2,288,561	-	2,475,742	2,475,742
Total expenses	6,570,590	3,701,452	10,272,042	6,554,819	3,832,162	10,386,981
Excess (Deficiency) of revenues over expenditures before transfers	1,557,274	(270,253)	1,287,021	(559,115)	(504,557)	(1,063,672)
Transfers	-	-	-	-	-	-
Change in net assets	1,557,274	(270,253)	1,287,021	(559,115)	(504,557)	(1,063,672)
Net assets:						
Beginning of year	9,114,274	10,512,261	19,626,535	9,673,389	11,016,818	20,690,207
End of year	$ 10,671,548	$ 10,242,008	$ 20,913,556	$ 9,114,274	$ 10,512,261	$ 19,626,535

Capital assets of $8.88 million include land, buildings and related improvements, utility plants (water and sewer), machinery, equipment, vehicles, and infrastructure (roads and public rights-of-way, water and sewer lines, etc.). The City uses these assets to provide services to its citizens; they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt associated with these assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted assets of $8.6 million include cash and cash equivalents and may be used to meet the City's ongoing obligations to citizens, creditors, and City-imposed designations (e.g. reserves, pending litigations, contingencies, capital projects, special grant and revenue programs and projects, etc.).

Expenses

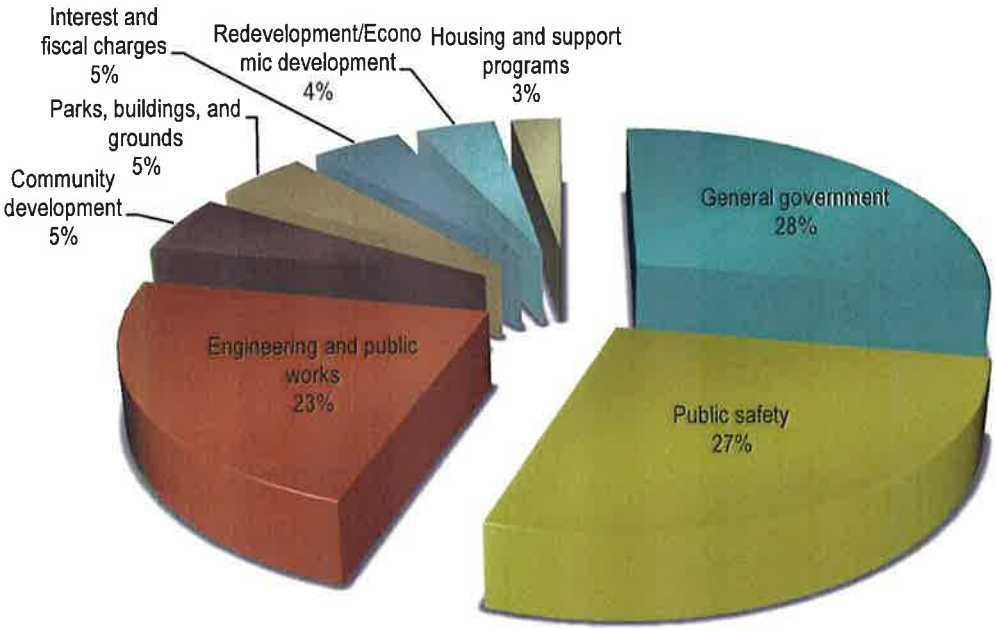
Governmental and business-type activity expenses of the City for the year totaled $6.57 million. Governmental activity expenses totaled $1.9 million or 28% of total expenses. Business-type activities incurred $3.7 million of expenses during the fiscal year. Public safety costs represented 27% of total governmental activities expenses. Public works and community development costs represented the largest, combined expense for governmental activities.

Governmental Activities

The most significant expenses incurred by the City are providing general government services (28%); however this amount includes depreciation, a non-cash expense. Excluding depreciation leaves the provision of public safety as being the most significant cost for the City. From highest to lowest, costs directly associated with governmental activities were as follows:

	Governmental Activities			
	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	$ 1,955,462	$ 1,570,826	$ 3,364,170	$ 2,397,592
Public safety	1,784,887	1,556,018	1,830,624	1,604,970
Engineering and public works	1,476,308	844,508	735,385	177,103
Community development	357,986	276,383	-	-
Parks, buildings, and grounds	312,916	312,916	322,502	322,502
Interest and fiscal charges	308,710	308,710	302,138	302,138
Redevelopment/Economic development	200,195	185,445	-	-
Housing and support programs	174,126	(923,700)	-	-
Total	$ 6,570,590	$ 4,131,107	$ 6,554,819	$ 4,804,305

EXPENSES BY FUNCTION
YEAR ENDED June 30, 2011



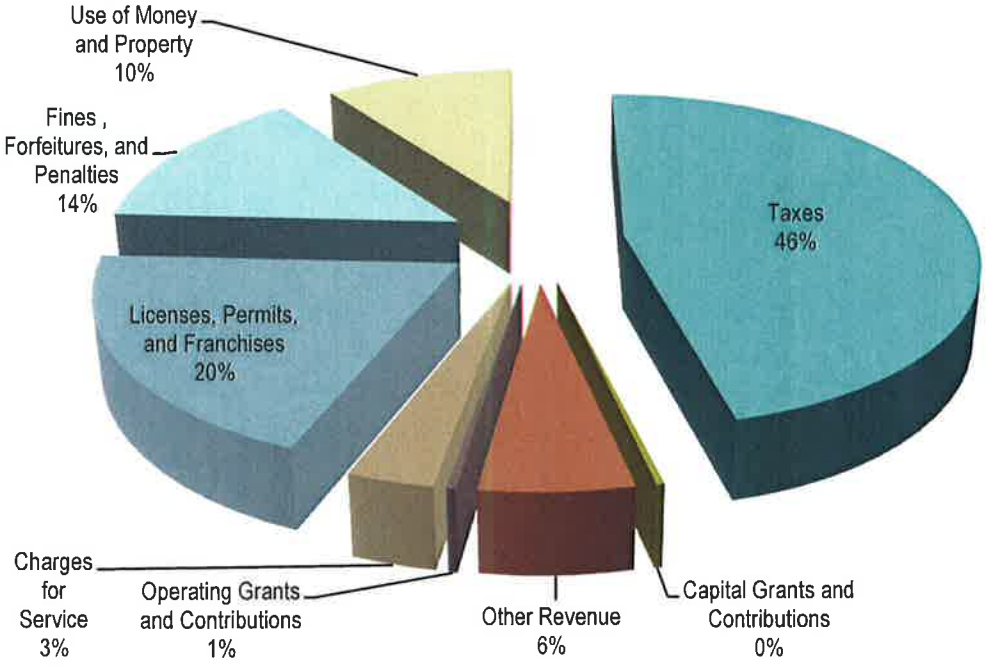
Significant revenues for the City come from taxes (46%), which included property taxes, sales taxes (Bradley-Burns and Measure I transactions and use taxes), franchise fees, transient occupancy taxes, and tax increment. Revenues overall were higher than estimated.

From highest to lowest, revenues directly associated with governmental collections were as follows:

	Governmental Activities	
	2011	2010
	Total Revenues	Total Revenues
Taxes	$ 3,752,789	$ 3,644,208
Other Revenue	1,610,482	502,692
Capital Grants	1,146,165	391,021
Operating Grants	815,910	679,776
Charges for Service	477,408	679,717
Licenses, Permits, and Franchises	271,243	113,405
Fines , Forfeitures, and Penalties	28,977	-
Use of Money and Property	24,889	58,349
Total	$ 8,127,864	$ 6,069,168

Governmental revenues in total were higher in 2011 than 2010 because of the recognition of revenue from business and housing loans. Revenue from taxes of $3.75 million was up 2.9% from last year, mostly due to increases in the transaction and use tax and property taxes in lieu of VLF (Vehicle License Fees).

REVENUES BY SOURCE - GOVERNMENTAL FISCAL YEAR ENDED JUNE 30, 2011



Taxes by Source - Governmental

Two-Year Comparison

	Fiscal Year Ended		Increase
	June 30, 2011	June 30, 2010	(Decrease)
PROPERTY TAXES-CURRENT SECURED	$ 352,932	$ 378,111	$ (25,179)
PROPERTY TAXES-CURR UNSECURED	11,109	12,544	(1,435)
PROPERTY TAXES-813 SUPPLEMENT	(161)	4,269	(4,430)
PROPERTY TRANSFER TAX	11,584	13,234	(1,650)
LOCAL SALES TAX	883,042	914,377	(31,335)
PROP 172 SALES TX (PUB SAFETY)	29,264	20,493	8,771
TRANSIENT OCCUPANCY TAX	68,827	88,966	(20,139)
PROPERTY TAXES-PRIOR UNSECURED	(5,739)	6,920	(12,659)
PROPERTY TAXES-PRIOR SECURED	3,409	2,806	603
TRANSACTION USE TAX (MEASURE I)	635,152	545,605	89,547
PROPERTY IN-LIEU VLF	402,839	399,062	3,777
PROP TAXES IN-LIEU SALES TAX	277,785	268,307	9,478
PROPOSITION 1A	4,831	(42,166)	46,997
TAX INCREMENT	929,131	931,669	(2,538)
TAX INCREMENT PASS-THROUGH	25,742	26,548	(806)
HUTA GAS TAXES	123,043	73,463	49,580
	$ 3,752,789	$ 3,644,208	$ 108,581

Business-type Activities

In the fiscal year ended June 30, 2011, business-type activities decreased the City's net assets by $270,254. This was the result primarily of non-cash expenses, such as depreciation and debt expense amortization but nonetheless negatively affect the fiscal condition of both enterprises.

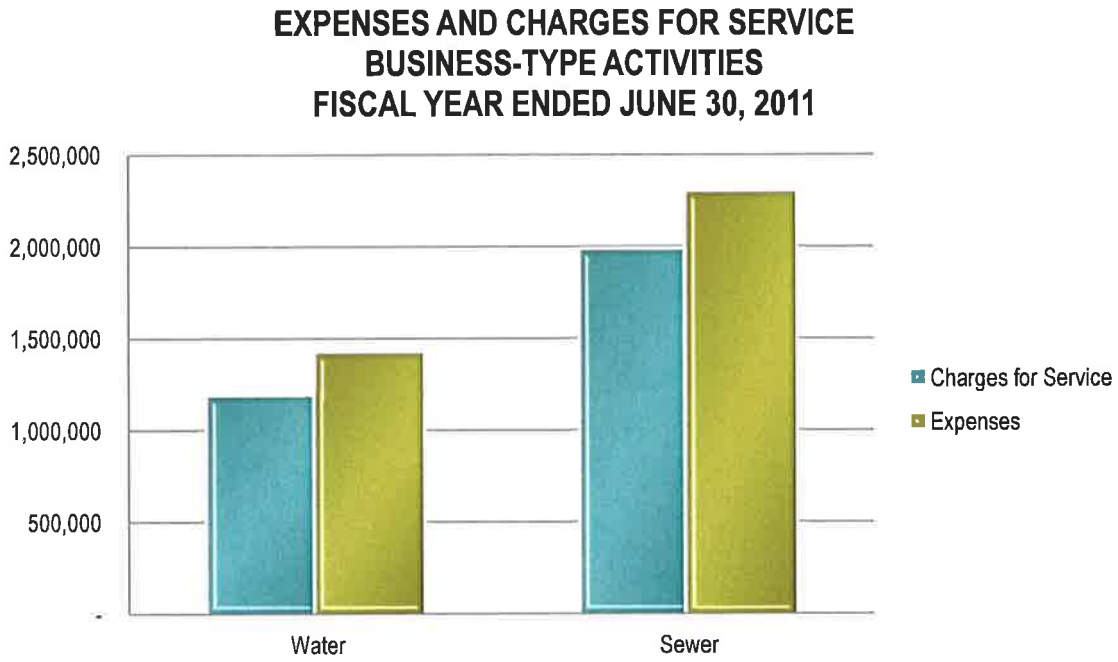
Revenues from rates, fees, and charges for water and sewer services were down from the previous fiscal year by 3.4% representing a combination of decreased usage and a scheduled increase in the consumer price index (CPI-u). Expenses continued to outpace revenues, contributing to an operating deficit of $902,425, or 24.4%, primarily from depreciation. Other revenues from interest and investment income, parcel taxes, assessments, and miscellaneous sources made up the difference.

Operating Condition of Enterprise Activities

Two-Year Comparison

Expenses for the Year Ended Ended	June 30, 2011	June 30, 2010	Increase (Decrease)	% Change
Water	$ 1,412,891	$ 1,356,420	$ 56,471	4.16%
Sewer	2,288,561	2,475,742	(187,181)	-7.56%
	3,701,452	3,832,162	(130,710)	-3.53%

Charges for Service	June 30, 2011	June 30, 2010	Increase (Decrease)	% Change
Water	1,175,759	1,241,526	(65,767)	-5.30%
Sewer	1,623,268	1,716,116	(92,848)	-5.41%
	2,799,027	2,957,642	(158,615)	-5.67%
Surplus (Deficit)	$ (902,425)	$ (874,520)	$ (27,905)	-3.09%
Deficiency %	-24.38%	-22.82%		



Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities at June 30, 2011 amounted to $24,515,959 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, equipment, vehicles, infrastructure, and construction in progress. Depreciation expense for the year, government-wide, totaled $1,014,847.

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	$ 729,346	$ 399,546	$ 1,775,403	$ 1,775,403	$ 2,504,749	$ 2,174,949
Construction in Progress	1,086,887	427,556	88,894	-	1,175,781	427,556
Buildings	2,619,229	2,619,229	1,839,904	1,839,904	4,459,133	4,459,133
Improvements - Non Buildings	3,378,472	3,138,049	26,133,566	26,133,566	29,512,038	29,271,615
Vehicles	1,532,597	1,532,597	537,459	537,459	2,070,056	2,070,056
Accumulated depreciation	(2,467,070)	(2,245,107)	(12,738,728)	(11,968,971)	(15,205,798)	(14,214,078)
Total Capital Assets, Net	$ 6,879,461	$ 5,871,870	$ 17,636,498	$ 18,317,361	$ 24,515,959	$ 24,189,231

Additional information on the City's capital assets can be found in Notes 7 in the notes to the basic financial statements.

Long-term Liabilities

The City's outstanding long-term liabilities, including bonds, loans payable, and compensated absences totaled $16,010,813 as of June 30, 2011. This amount does not include the outstanding liability for other post-employment benefits (OPEB), which consist of retiree health costs. That information is presented in Note 14.

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Capital Lease - Police Cars	$ 191,143	$ 247,784	$ -	$ -	$ 191,143	$ 247,784
2004 Series A Bonds	1,050,000	1,050,000	-	-	1,050,000	1,050,000
2004 Series B Bonds	960,000	1,000,000	-	-	960,000	1,000,000
2008 Series Bonds	3,400,000	3,410,000	-	-	3,400,000	3,410,000
Water Revenue Bonds, 2002 Refunding Loan Agreement	-	-	450,060	507,113	450,060	507,113
Water Revenue Bonds, Series 2000 COPS	-	-	2,648,000	2,693,000	2,648,000	2,693,000
Sewer District Improvement Bonds, 1993-1	-	-	4,010,000	4,113,124	4,010,000	4,113,124
2007 Series A Bond	-	-	2,922,000	2,977,000	2,922,000	2,977,000
Compensated Absences	286,093	381,315	93,517	28,189	379,610	409,504
	$ 5,887,236	$ 6,089,099	$ 10,123,577	$ 10,318,426	$ 16,010,813	$ 16,407,525

Additional information on the City's outstanding long-term obligations can be found in Note 9.

FUND FINANCIAL ANALYSIS

Governmental Funds

The City employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As was mentioned earlier, fund financial statements present information based on current financial resources and expenditures. Essentially they are snapshots of the condition of major funds in the near-term; whereas, the government-wide statements present the entire picture of the reporting entity. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. For comparison purposes, fund statements correlate well to the City's adopted budget.

As of June 30, 2011, the City's governmental fund balance was $9,685,276, of which $2,811,885 was nonspedable. GASB 54 established five new criteria for categorizing that balance based on its restricted and unrestricted use. The five categories are the following:

- Nonspendable fund balance
- Restricted fund balance
- Committed fund balance
- Assigned fund balance
- Unassigned fund balance.

A more detailed discussion of these new fund balance categories is presented in Note 16.

Major governmental funds reported a net surplus at June 30, 2011 of $1,568,849, which was comprised of the following:

Major Fund	Balance
General Fund	$ 1,208,148
Redevelopment Agency Capital Projects	1,612,392
RDA Debt Service	(2,357,967)
RDA Housing Set-Aside	1,106,276
Total	$ 1,568,849

Other governmental funds reported a net surplus of $411,810, primarily the result of revenue recognition for housing and business loans. These funds include special revenues and activities not significant enough to report as a major fund. Grant proceeds for operations and capital programs/projects typically are reported here.

Governmental funds reported $2,739,597 in nonspendable funds balance in fiscal year 2010/11. This is comprised mostly of long-term housing and business loans/notes receivable that are unavailable to meet current obligations. The City's property on Bevins Court is found here as well as "Land held for resale." The City expects to dispose of this property in the near future. Special revenue funds comprise the balance of $2,603,186 in restricted fund balance, as those financial resources can be spent only on specific activities as defined by outside entities (e.g. a grantor, state agency, statute, etc.). There is no committed fund balance as of June 30, 2011. Assigned fund balance of $2,174,205 consists of financing allotted to road projects that were under contract but not yet completed as of the end of the fiscal year as well as redevelopment bond proceeds intended for downtown improvements. The remaining amount of $2,096,000 of unassigned fund balance consists of available spendable resources in the

general fund and the Redevelopment Agency fund, the bulk of which, $2,394,002, is considered reserve for the general fund.

The general fund reserve, though separately presented in the City's budget and accounted for independently in its internal account system, is part of the general fund as a whole. There is no official City policy in place to dictate it purpose or use, but generally it is meant to serve as a rainy day fund and source of financing for capital improvements. Though use of reserves was budgeted in fiscal year 2010/11, the general fund reported a budget surplus at year end and did not require its use. As a point of measure, the total unassigned fund balance (reserve) for the general fund stood at 58.8% of operational expenditures as of June 30, 2011.

Proprietary Funds

Water Fund

Net assets of the water enterprise funds decreased by $98,730 in fiscal year 2010/11. Operating revenue exceeded operating expenses by $71,817; however, non-operating expenses (property taxes and interest of water loans and bonds) are reported at $170,546. The water enterprise also maintains a separate special revenue fund for water service expansion. This fund was relatively inactive; however, it is the primary source of City funding for the new water main construction to the new Mendo Lake College campus.

Ending net assets at June 30, 2011 for the water enterprise funds were $1,689,291, of which $615,513 was unrestricted and available for future use.

Sewer

Net assets of the sewer enterprise funds decreased by $171,524 in fiscal year 2010/11. Operating revenue was insufficient to cover operating expenses, resulting in a net loss of $248,913. Non-operating expenses (property taxes and bond interest) softened the negative impact to net assets by $77,389. The sewer enterprise also maintains two separate enterprise funds: a sewer expansion fund and a debt service fund for the CLMSD 91-1 assessment district. Net assets of those funds are restricted for expansion projects and the repayment of a sewer bond, which was issued for the construction of the CLMSD sewer facility on Linda Lane.

Ending net assets at June 30, 2011 for the sewer fund were $8,552,716, of which $1,223,099 was unrestricted and available for future use.

Budgetary Comparison

A comparison of budget to actual for major governmental funds is presented in the fund financial statements. These statements are audited as additional assurance that appropriations are being spent as authorized by the City Council. In total, the general fund, the Redevelopment Agency Capital Projects fund, and the RDA Low-Mod Housing Set-Aside fund reported a surplus – revenues exceeded expenditures.

In general, the difference between the final budget and actual revenue and expenditures reflects increases in revenue not expected in the budget as well as a significant effort on management's part to reduce costs and control spending. Additionally, budgeted positions in several departments were not filled immediately, if at all.

General Fund

Revenues in the general fund were reported $278,000 higher than was budgeted, while actual expenditures were reported $572,320 less than was appropriated. The bulk of this was due to road projects that were not completed before year-end. Frugal departmental spending provided the remaining cost savings. The combined effect (before transfers are considered) was a surplus of $182,729, a difference of $850,320 from budgeted estimates. After transfers are considered, the total surplus increased to $1,208,148, a positive difference of $936,846.

Redevelopment Agency Capital Projects Fund

Expenditures were reported $1,550,010 less than were appropriated. This was the result of slow progress on the downtown improvement project, which was further hampered by the state's actions against redevelopment.

Redevelopment Debt Service Fund

This fund was established to account for the proceeds of the 2004 Series A, B and 2008 Series bonds for the RDA. In 2011 it was designated as the primary RDA fund, into which tax increment revenue would be received before being transferred to operating and capital funds. Tax increment revenue totaled $11,901 higher than was anticipated in the budget. Principal and interest payments for the bond debt service were on par with the budget.

RDA Low-Moderate Housing Set-Aside Fund

The primary source of revenue for this fund is the statutorily required transfer of 20% of collected tax increment from the Redevelopment Agency; however, this fund was used in conjunction with activities under the 2007 HOME grant and was reimbursed for expenditures that occurred over the last two years. These reimbursements were the primary component of the revenue collected by the fund, prior to the consideration of transfers. That, combined with the recognition of revenues from housing loans made by the fund, resulted in revenues that were $1,004,406 higher than was budgeted, while expenditures were $211,050 lower that what was appropriated. The fund reported a net surplus of $1,106,276 at year end, $994,409 higher than was expected.

Budgets to actual were not presented for proprietary funds (water and sewer enterprise) as it is not a reporting requirement under GASB 45. Such information can be provided upon request.

Economic Outlook

Turning the economic corner in fiscal year 2010-2011, the national economy grew modestly, officially ending the great recession. Helped by massive government stimulus and aggressive bank bailout programs to support dysfunctional credit markets, along with consumer rebate incentives to induce spending, the US economy grew an average of three percent. The Lake County Region though lagged behind, only to rebound slightly in the final quarter. There is no certainty that economic progress will continue. The local job market remains anemic and real estate prices, although stabilizing somewhat, show few signs of a robust recovery. Finally, the state's fiscal crisis will impose many barriers to growth with great challenges in collecting additional revenue, the loss of redevelopment, and the battle over state spending cuts, which promises to be relentless.

The City's major General Fund revenue sources are sales and property taxes. Both of these revenue sources are affected by the current recession. We are estimating a 4% increase for sales tax revenue and relatively flat property tax revenue growth in fiscal year 2011/12.

The City is developing a multi-year forecasting model to project anticipated revenues and expenditures. The model will predict continued earnings through fiscal year 2014-2015.

Requests for Information

This Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions regarding this report, or request for additional information, should be made to the Finance Director, City of Lakeport, CA, 95453.

Government-Wide Financial Statements

CITY OF LAKEPORT
Statement of Net Assets
Government-wide Financial Statements
Year Ended June 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current:			
Cash and Investments:			
Available for operations	$ 3,568,332	$ 2,626,212	$ 6,194,543
Restricted	2,875,304	-	2,875,304
Receivables	685,503	254,134	939,637
Inventory	-	60,898	60,898
Notes Receivable	2,403,921	-	2,403,921
Land Held for Resale	407,964	-	407,964
Plant, property and equipment:			
Capital Assets Not Being Depreciated	729,346	1,775,403	2,504,749
Capital Assets, Net of Depreciation	6,150,115	15,861,095	22,011,210
Deferred Charges	268,000	165,321	433,321
Total Assets	17,088,484	20,743,063	37,831,547
LIABILITIES			
Current:			
Accounts Payable	99,779	22,656	122,435
Accrued Liabilities	104,712	58,189	162,901
Interest Payable	121,524	257,504	379,028
Deposits Payable	-	29,880	29,880
Compensated absences	6,000	9,249	15,249
Deferred Revenue	51,256	-	51,256
Noncurrent:			
Compensated absences	286,093	93,517	379,610
Due Within One Year	110,040	220,023	330,063
Due in More Than One Year	5,491,103	9,810,037	15,301,140
Net OPEB Obligation	146,429	-	146,429
Total Liabilities	6,416,936	10,501,055	16,917,991
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,278,318	7,606,438	8,884,756
Restricted	2,603,186	796,958	3,400,144
Unrestricted	6,790,044	1,838,612	8,628,656
Total Net Assets	$ 10,671,548	$ 10,242,007	$ 20,913,555

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT
Statement of Activities
Government-wide Financial Statements
Year Ended June 30, 2011

FUNCTION/PROGRAMS	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expenses) Revenue and Change in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
GOVERNMENTAL ACTIVITIES							
General Government	$ 1,955,462	$ 329,668	$ 54,968	$ -	$ (1,570,826)		$ (1,570,826)
Community Development	357,986	81,603	-	-	(276,383)		(276,383)
Engineering and Public Works - Roads	1,476,308	41,137	-	590,663	(844,508)		(844,508)
Housing and Support Programs	174,126	-	542,324	555,502	923,700		923,700
Redevelopment/Economic Development	200,195	-	14,750	-	(185,445)		(185,445)
Public Safety	1,784,887	25,000	203,868	-	(1,556,018)		(1,556,018)
Parks, Buildings, and Grounds	312,916	-	-	-	(312,916)		(312,916)
Interest on long-term debt	308,710	-	-	-	(308,710)		(308,710)
Total government activities	6,570,590	477,408	815,910	1,146,165	(4,131,107)		(4,131,107)
BUSINESS ACTIVITIES							
Water utility	1,412,891	1,175,759	-	-		(237,132)	(237,132)
Sewer utility	2,288,561	1,623,268	-	-		(665,293)	(665,293)
Total business-type activities	3,701,452	2,799,027	-	-		(902,425)	(902,425)
Total primary government	$ 10,272,042	$3,276,435	$ 815,910	$1,146,165	(4,131,107)	$ (902,425)	$ (5,033,532)
GENERAL REVENUE							
Taxes					3,752,789	382,917	4,135,706
Licenses, Permits, and Franchises					271,243	-	271,243
Fines , Forfeitures, and Penalties					28,977	-	28,977
Use of Money and Property					24,889	39,403	64,292
Other Revenue					1,610,482	209,852	1,820,334
Totals					5,688,381	632,171	6,320,552
CHANGES IN NET ASSETS					1,557,274	(270,254)	1,287,020
NET ASSETS							
Beginning					9,114,274	10,512,261	19,626,535
End of Year					$ 10,671,548	$ 10,242,007	$ 20,913,555

The accompanying notes are an integral part of these financial statements.

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Governmental Funds

CITY OF LAKEPORT
Balance Sheet
Major Governmental Funds
Year Ended June 30, 2011

	General	Redevelopment Agency Capital Projects	Redevelopment Agency Debt Service	Redevelopment Agency Housing Set-Aside
ASSETS				
Cash and Investments	$ 1,838,224	$ -	$ 745,478	$ 49,656
Restricted cash and investments	-	2,574,534	300,770	-
Receivables:				
Interest	8,461	-	2	392
Taxes	337,600	-	-	-
Notes	-	-	-	502,949
Other	99,172	-	-	473
Advances to other funds	264,802	-	-	-
Due From Other Funds	203,499	-	-	553,140
Land Held for Resale	407,964	-	-	-
Total Assets	3,159,722	2,574,534	1,046,250	1,106,610
LIABILIITIES				
Accounts Payable	68,788	-	-	9,982
Accrued Liabilities	104,712	-	-	-
Deferred Revenue	51,256	-	-	-
Advances from other funds	-	-	-	-
Due to Other Funds	-	533,329	-	-
Interfund Loans	-	-	-	-
Total Liabilities	224,756	533,329	-	9,982
FUND BALANCE				
Nonspendable:				
Land held for resale	407,964	-	-	-
Loans receivable	-	-	-	502,949
Restricted	-	-	1,046,250	593,679
Committed	-	-	-	-
Assigned	133,000	2,041,205	-	-
Unassigned	2,394,002	-	-	-
Total Fund Balance	2,934,966	2,041,205	1,046,250	1,096,628
Total Liabilities and Fund Balance	$ 3,159,722	$ 2,574,534	$ 1,046,250	$ 1,106,610

The accompanying notes are an integral part of these financial statements.

Other Governmental Funds	Total Governmental Funds
$ 934,974	$ 3,568,332
-	2,875,304
674	9,530
28,977	366,577
1,900,972	2,403,921
209,751	309,396
-	264,802
-	756,639
-	407,964
3,075,348	10,962,464
21,009	99,779
-	104,712
-	51,256
264,802	264,802
223,310	756,639
-	-
509,121	1,277,188
-	407,964
1,900,972	2,403,921
963,257	2,603,186
-	-
-	2,174,205
(298,002)	2,096,000
2,566,227	9,685,276
$ 3,075,348	$ 10,962,464

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
to the Statement of Net Assets
Year Ended June 30, 2011

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	$ 9,685,276
Amounts reported in the governmental activites column in the statement of net assets are different because of the following:	
DEFERRED EXPENSES	
Deferred charges represent costs associated with the issuance of long-term debt which are deferred and amortized over the period during which the debt is outstanding. The costs are reported as expenditures of current financial resources in governmental funds.	
RDA Series Bonds	268,000
CAPITAL ASSETS	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds balance sheet:	
Capital assets not being depreciated	729,346
Governmental capital assets	8,617,184
Accumulated depreciation	(2,467,070)
INTEREST EXPENSE	
In governmental funds, interest on long-term debt is not recognized untill the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in ther period that it is incurred.	
Matured Interest	(121,524)
NOTES RECEIVABLE	
In governmental funds, other on long-term assets are not available to pay for current-period expenditures and, therefore, are offset by deferred revenue.	
Notes receivable	-
LONG-TERM OBLIGATIONS	
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds balance sheet:	
Due within one year	(116,040)
Due in more than one year	(5,923,625)
NET ASSETS - GOVERNMENTAL ACTIVITIES	$ 10,671,548

The accompanying notes are an integral part of these financial statements.

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CITY OF LAKEPORT
Statement of Revenue, Expenditures, and Change in Fund Balances
Major Governmental Funds
Year Ended June 30, 2011

	General	Redevelopment Agency Captial Projects	Redevelopment Agency Debt Service	Redevelopment Agency Housing Set-Aside
REVENUE				
Taxes	$ 2,700,615	$ -	$ 743,305	$ 185,826
Licenses, Permits, and Franchises	268,194	-	-	-
Fines , Forfeitures, and Penalties	28,977	-	-	-
Use of Money and Property	15,687	-	2,130	1,074
Intergovernmental Revenue	258,836	-	-	167,131
Charges for Service	477,408	-	-	-
Other Revenue	505,954	-	-	1,009,406
Total Revenue	4,255,671	-	745,435	1,363,437
EXPENDITURES				
Current-				
General Government	732,333	-	-	181,485
Community Development	245,771	-	-	75,676
Engineering and Public Works - Roads	962,160	-	-	-
Housing and Support Programs	-	-	-	-
Redevelopment/Economic Development	-	-	-	-
Public Safety	1,644,841	-	-	-
Parks, Buildings, and Grounds	201,218	-	-	-
Capital Outlay	215,111	989,248	-	-
Debt service-				
Principal Retirement	56,641	-	50,000	-
Interest	14,867	-	274,725	-
Total Expenditures	4,072,942	989,248	324,725	257,161
Excess of Revenue over (under) Expenditures	182,729	(989,248)	420,710	1,106,276
OTHER FINANCING SOURCES (USES)				
Pass-through obligations	-	-	-	-
SERAF payments	-	-	-	-
Housing Loans	-	-	-	-
Transfers In	1,025,419	2,601,640	337,349	-
Transfers (Out)	-	-	(3,116,026)	-
Total Other Financing Sources (Uses)	1,025,419	2,601,640	(2,778,677)	-
NET CHANGE IN FUND BALANCE	1,208,148	1,612,392	(2,357,967)	1,106,276
BEGINNING FUND BALANCES	1,726,818	428,813	3,404,217	(9,648)
ENDING FUND BALANCES	$ 2,934,966	$ 2,041,205	$ 1,046,250	$ 1,096,628

The accompanying notes are an integral part of these financial statements.

Other Governmental Funds	Total Governmental Funds
$ 123,043	$ 3,752,789
3,049	271,243
-	28,977
5,998	24,889
980,606	1,406,573
-	477,408
95,122	1,610,482
1,207,819	7,572,362
643,306	1,557,124
5,740	327,187
469,598	1,431,758
173,841	173,841
-	-
-	1,644,841
111,698	312,916
57,510	1,261,869
-	106,641
-	289,592
1,461,693	7,105,769
(253,874)	466,593
(185,826)	(185,826)
(64,442)	(64,442)
2,082,519	2,082,519
754,642	4,719,050
(1,921,209)	(5,037,235)
665,684	1,514,066
411,810	1,980,658
2,082,129	7,632,329
$ 2,493,939	$ 9,612,987

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT

Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balances of Governmental Funds to Statement of Activities

Year Ended June 30, 2011

CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS	$ 1,980,658
Amounts reported for governmental activities in the Statement of Net Assets are different because of the following:	
NOTES RECEIVABLE	
Repayment of long-term receivables are treated as revenue in the govrernmental funds, but the repayment reduces ong-term receivables in the Statement of Net Assets. Issuance of long-term receivables are treated as expenditures in the governmental funds, but the issuance increases long-term receivables in the Statement of Net Assets.	
Net Change of Notes	(1,158,759)
CAPITAL ASSETS	
Governmental funds report capital outlays as expenditures in the governmental funds, but the repayment reducs long-term receivables in the Statement of Net Assets. Similarly, issuance of long-term receivables are treated as expenditures in the governmental funds, but the issuance increases long-term receivables in the Statement of Net Assets.	
Capital outlay	1,261,869
Depreciation expense - General Government:	(221,963)
LONG-TERM OBLIGATIONS	
The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and, therefore, are not reported as revenue or expenditures in the governmental funds.	
Interest Payable	(19,118)
Compensated Absences	(245,626)
Net OPEB Obligation	(146,429)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds but deferred and amortized throughout the period in which the related debt is outstanding in the Statement of Net Assets. Repayment of principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.	
Debt principal	106,641
CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES	$ 1,557,274

The accompanying notes are an integral part of these financial statements.

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Governmental Fund Budget Comparisons

CITY OF LAKEPORT
General Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Taxes	$ 2,750,694	$ 2,750,694	$ 2,700,615	$ (50,079)
Licenses, Permits, and Franchises	228,986	228,986	268,194	39,208
Fines , Forfeitures, and Penalties	25,660	25,660	28,977	3,317
Use of Money and Property	9,189	9,189	15,687	6,498
Intergovernmental Revenue	180,219	180,219	258,836	78,617
Charges for Service	494,435	494,435	477,408	(17,027)
Other Revenue	208,958	288,488	505,954	217,466
Total Revenue	3,898,141	3,977,671	4,255,671	278,000
EXPENDITURES				
Current-				
General Government	708,974	708,974	732,333	(23,359)
Community Development	297,439	297,439	245,771	51,668
Engineering and Public Works - Roads	1,052,764	1,046,989	962,160	84,829
Housing and Support Programs	-	-	-	-
Redevelopment/Economic Development	-	-	-	-
Public Safety	1,761,473	1,766,473	1,644,841	121,632
Parks, Buildings, and Grounds	222,308	228,083	201,218	26,865
Capital Outlay - Roads	525,796	525,796	215,111	310,685
Debt Service-				
Principal Retirement	56,641	56,641	56,641	0
Interest	14,867	14,867	14,867	0
Total Expenditures	4,640,262	4,645,262	4,072,942	572,320
Excess of Revenue over (under) Expenditures	(742,121)	(667,591)	182,729	850,320
OTHER FINANCING SOURCES (USES)				
Transfers In	924,280	938,893	1,025,419	86,526
Transfers Out	-	-	-	-
Total other	924,280	938,893	1,025,419	86,526
NET CHANGE IN FUND BALANCE	$ 182,159	$ 271,302	$ 1,208,148	$ 936,846

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT
Redevelopment Capital Projects
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Taxes	$ -	$ -	$ -	$ -
Licenses, Permits, and Franchises	-	-	-	-
Fines , Forfeitures, and Penalties	-	-	-	-
Use of Money and Property	-	-	-	-
Intergovernmental Revenue	-	-	-	-
Charges for Service	-	-	-	-
Other Revenue	-	-	-	-
Total Revenue	-	-	-	-
EXPENDITURES				
Current-	-			
General Government	-	-	-	-
Community Development	-	-	-	-
Engineering and Public Works - Roads	-	-	-	-
Housing and Support Programs	-	-	-	-
Redevelopment/Economic Development	-	-	-	-
Public Safety	-	-	-	-
Parks, Buildings, and Grounds	-	-	-	-
Capital Outlay	2,539,258	2,539,258	989,248	1,550,010
Debt Service-				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
Total Expenditures	2,539,258	2,539,258	989,248	1,550,010
Excess of Revenue over (under) Expenditures	(2,539,258)	(2,539,258)	(989,248)	1,550,010
OTHER FINANCING SOURCES (USES)				
Transfers In	3,071,522	3,071,522	2,601,640	(469,882)
Transfers Out	(532,264)	(532,264)	-	532,264
Total other	2,539,258	2,539,258	2,601,640	62,382
NET CHANGE IN FUND BALANCE	$ -	$ -	$ 1,612,392	$ 1,612,392

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT
Redevelopment Debt Service Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Taxes	$ 731,404	$ 731,404	$ 743,305	$ 11,901
Licenses, Permits, and Franchises	-	-	-	-
Fines , Forfeitures, and Penalties	-	-	-	-
Use of Money and Property	-	-	2,130	2,130
Intergovernmental Revenue	-	-	-	-
Charges for Service	-	-	-	-
Other Revenue	-	-	-	-
Total Revenue	731,404	731,404	745,435	14,031
EXPENDITURES				
Current-	-			
General Government	-	-	-	-
Community Development	-	-	-	-
Engineering and Public Works - Roads	-	-	-	-
Housing and Support Programs				-
Redevelopment/Economic Development	-	-	-	-
Public Safety	-	-	-	-
Parks, Buildings, and Grounds	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service-				
Principal Retirement	50,000	50,000	50,000	-
Interest	275,456	275,456	274,725	731
Total Expenditures	325,456	325,456	324,725	731
Excess of Revenue over (under) Expenditures	405,948	405,948	420,710	14,762
OTHER FINANCING SOURCES (USES)				
Transfers In	575,910	575,910	337,349	(238,561)
Transfers Out	(3,071,522)	(3,071,522)	(3,116,026)	(44,504)
Total other	(2,495,612)	(2,495,612)	(2,778,677)	(283,065)
NET CHANGE IN FUND BALANCE	$ (2,089,664)	$ (2,089,664)	$ (2,357,967)	$ (268,303)

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT
Redevelopment Low Moderate Housing Set-Aside Fund
Statement of Revenue, Expenditures, and Change in Fund Balances
Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Taxes	$ 182,851	$ 182,851	$ 185,826	$ 2,975
Licenses, Permits, and Franchises	-	-	-	-
Fines , Forfeitures, and Penalties	-	-	-	-
Use of Money and Property	105	105	1,074	969
Intergovernmental Revenue	-	-	167,131	167,131
Charges for Service	-	-	-	-
Other Revenue	5,000	5,000	1,009,406	1,004,406
Total Revenue	187,956	187,956	1,363,437	1,175,481
EXPENDITURES				
Current-	-			
General Government	266,711	266,711	181,485	85,226
Community Development	200,000	200,000	75,676	124,324
Engineering and Public Works - Roads	-	-	-	-
Housing and Support Programs	-	-	-	-
Redevelopment/Economic Development	-	-	-	-
Public Safety	-	-	-	-
Parks, Buildings, and Grounds	-	-	-	-
Capital Outlay	1,500	1,500	-	1,500
Debt Service-				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
Total Expenditures	468,211	468,211	257,161	211,050
Excess of Revenue over (under) Expenditures	(280,255)	(280,255)	1,106,276	1,386,531
OTHER FINANCING SOURCES (USES)				
Transfers In	392,122	392,122	-	(392,122)
Transfers Out	-	-	-	-
Total other	392,122	392,122	-	(392,122)
NET CHANGE IN FUND BALANCE	$ 111,867	$ 111,867	$ 1,106,276	$ 994,409

The accompanying notes are an integral part of these financial statements.

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Proprietary Funds

CITY OF LAKEPORT
Statement of Net Assets
Proprietary Funds
Year Ended June 30, 2011

	Business-Type Activities		
ASSETS	Water	Sewer	Total Enterprise Funds
Current Assets:			
Cash and Investments	$ 694,715	$ 1,931,497	$ 2,626,212
Accounts receivable	122,006	119,016	241,022
Taxes receivable	-	11,218	11,218
Interest receivable	1,719	175	1,894
Inventory	30,449	30,449	60,898
Total Current Assets	848,889	2,092,355	2,941,244
Noncurrent Assets:			
Capital Assets Not Being Depreciated	40,170	1,735,233	1,775,403
Capital Assets, Net of Depreciation	4,131,669	11,729,426	15,861,095
Deferred Charges	-	165,321	165,321
Total Noncurrent Assets	4,171,839	13,629,980	17,801,819
Total Assets	5,020,728	15,722,335	20,743,063
LIABILITIES			
Current Liabilities			
Accounts Payable	9,282	13,374	22,656
Accrued Payroll and Benefits	35,831	22,357	58,189
Interest Payable	123,952	133,552	257,504
Customer Deposits	14,940	14,940	29,880
Compensated Absences, Current	4,443	4,806	9,249
Total Current Liabilities	188,449	189,029	377,478
Noncurrent Liabilities:			
Compensated Absences	44,927	48,590	93,517
Due within one year	60,023	160,000	220,023
Due after one year	3,038,037	6,772,000	9,810,037
Total Noncurrent Liabilities	3,142,987	6,980,590	10,123,577
Total Liabilities	3,331,436	7,169,619	10,501,055
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	1,073,779	6,532,659	7,606,438
Restricted	-	796,958	796,958
Unrestricted	615,513	1,223,099	1,838,612
Total Net Assets	$ 1,689,291	$ 8,552,716	$ 10,242,007

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT
Statement of Revenue, Expenses and Change in Net Assets
Proprietary Funds
Year Ended June 30, 2011

	Business-Type Activities		
	Water	Sewer	Total Enterprise Funds
OPERATING REVENUE			
Charge for Services	$ 1,175,759	$ 1,623,268	$ 2,799,027
Other Income	131,108	78,744	209,852
Total Operating Revenue	1,306,866	1,702,012	3,008,878
OPERATING EXPENSES			
Salaries and Benefits	676,241	771,313	1,447,554
Materials, Supplies and Service Costs	399,296	234,042	633,338
Other operating costs	16,307	295,891	312,198
Depreciation and amortization expense	143,205	649,679	792,884
Total Operating Expenses	1,235,050	1,950,925	3,185,975
Operating Income (Loss)	71,817	(248,913)	(177,097)
NONOPERATING REVENUE (EXPENSES)			
Property Tax Assessments	(627)	382,917	382,290
Use of Money and Property	7,295	32,108	39,403
Interest and debt service expense	(177,214)	(337,636)	(514,850)
Total Nonoperating Revenue (expense)	(170,546)	77,389	(93,157)
NET INCOME	(98,730)	(171,524)	(270,254)
BEGINNING NET ASSETS	1,788,021	8,724,240	10,512,261
ENDING NET ASSETS	$ 1,689,291	$ 8,552,716	$ 10,242,007

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2011

CASH FLOWS PROVIDED BY (USED FOR)	Business-type Activities		Total Enterprise Funds
	Water	Sewer	
OPERATING ACTIVITIES			
Cash received from customers	$ 1,278,605	$ 1,710,235	$ 2,988,840
Cash paid to suppliers of goods and services	(479,318)	(511,774)	(991,093)
Payments to City of Lakeport employees	(717,092)	(737,587)	(1,454,680)
Net cash provided (used)	82,194	460,874	543,068
NONCAPITAL & RELATED FINANCING ACTIVITIES			
Property tax assessments	-	394,135	394,135
CAPTIAL & RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(23,394)	(15,500)	(38,894)
Principal payments on capital debt	(100,656)	(158,000)	(258,656)
Interest paid on capital debt	(177,214)	(322,890)	(500,104)
Net cash provided (used)	(301,264)	(496,390)	(797,654)
INVESTING ACTIVITIES			
Collection of investment earnings	5,576	31,933	37,509
NET INCREASE (DECREASE) IN CASH	(213,494)	390,552	177,057
Cash and cash equivalents-beginning	908,209	1,540,945	2,449,154
Cash and cash equivalents-end of year	$ 694,715	$ 1,931,497	$ 2,626,211
OPERATING ACTIVITIES ANALYSIS			
Operating Income (Loss)	$ 71,817	$ (248,913)	$ (177,097)
Reconciliation adjustments:			
Depreciation and amortization, a noncash expense	143,205	649,679	792,884
(Increase) decrease in accounts receivable	(28,261)	8,223	(20,038)
(Increase) decrease in inventory	18,478	18,478	36,956
Increase (decrease) in accounts payable	(62,452)	36,978	(25,474)
Increase (decrease) in accrued liabilities	(19,741)	(37,297)	(57,038)
Increase (decrease) in compensated absences	(40,852)	33,726	(7,126)
Net cash provided (used)	$ 82,194	$ 460,874	$ 543,068

The accompanying notes are an integral part of these financial statements.

Fiduciary Funds

CITY OF LAKEPORT
Statement of Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2011

	Agency Funds (Special Deposits)
ASSETS	
Cash and Investments	$ 191,917
Total Assets	$ 191,917
LIABILITIES	
Refundable Deposits and Trust Liabilities	$ 191,917
Total Liabilities	$ 191,917

The accompanying notes are an integral part of these financial statements.

CITY OF LAKEPORT, CALIFORNIA

Notes to the Basic Financial Statements

June 30, 2011

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the City as follows:

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NOTE 1 - DEFINING THE REPORTING ENTITY

The City of Lakeport (the City) was incorporated in 1888 under the laws of the State of California. Lakeport operates under a Council-Manager form of government. The City Manager serves as the chief executive for day-to-day operations and long-term planning, including executing the policies and directives of the City Council. Department heads report directly to the City Manager and serve at his or her pleasure.

The City provides a range of municipal services to its citizens including public safety, public works, planning and building regulation, recreation and parks, water and sewer services.

These financial statements present the financial status of the City and its components units. The component units discussed in the following paragraph are included in the City's financial statements because the City is financially accountable for their operations.

The Redevelopment Agency of the City of Lakeport (the Agency) was established by the City as a separate legal entity in accordance with state law. The purpose of the Agency is to encourage new investment and reinvestment within legally designated redevelopment areas in partnership with property owners.

The Municipal Sewer District No. 1 (CLMSD) was established as a separate legal entity to obtain funding to construct a new sewage treatment plant and pumping stations in 1965. In later years and assessment district was formed for the purpose of financing needed improvements and expansion of the wastewater systems.

Although the component units are legally separate from the City, they are reported on a blended basis as part of the primary government because their boards consist of members of the City Council. The component units' financial statements may be obtained from the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applied to government agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below:

A. Government-wide and Fund Financial Statement

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activates, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grant and contributors that are restricted to meeting the operational or capital requirements of a particular function. Taxes, and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the City are organized on the basis of funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

In the fund financial statement in the report, the various funds are grouped into generic funds within three broad fund types. They are as follows:

Governmental Funds

The ***General Fund*** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust of major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Project Funds are used to account for revenue and expenditures restricted to the acquisition or major capital facilities (other than those financed by proprietary or trust funds).

Debt Service Funds are used to account for the accumulation of resources for, and the payment to, governmental long-term debt, both principal and interest.

Proprietary Fund

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise –the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges. The City accounts for the operation of its water and sewer utility fund on this basis.

Internal Service funds are used to account for operations similar to enterprise funds. The difference between the two is that internal service funds provide goods and services to departments and agencies under the primary government.

Fiduciary Funds

Agency Funds are used to account for assets administered by the City in a trustee capacity or as an agent for other governments and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Trust Funds are used to account for assets held by the government in a trustee capacity.

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and,
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The City reports the following major funds:

- General Fund
- Redevelopment Debt Service Fund
- RDA Low/Moderate Housing Fund
- Redevelopment Capital Improvement Fund

B. Basis of Accounting and Measurement focus

Basis of accounting refers to when revenue and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied.

Measurement focus is the determination of (1) which assets and which liabilities are included on a government's balance sheet and where they are reported, and (2) whether an operating statement presents information on the flow of financial resources (revenues and expenditures) or information on the flow of economic resources (revenues and expenses).

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statement. Revenue is recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

In the fund financial statements, all government funds and agency funds are accounted for using the modified accrual basis of accounting. Revenue is recognized when they become both measurable and available to finance the expenditures of the current period (susceptible to accrual). Major revenue sources susceptible to accrual include substantially all property taxes, taxpayer-assessed taxes (such as sales and use, utility users, business license, transient occupancy, franchise fees and gas taxes), interest, special assessments levied, state and federal grants and charges for current services. Revenue from licenses, permits, fines and forfeits is recorded as received. Expenditures are recorded when the related fund liability is incurred.

Fiduciary fund revenue and expenditures (as appropriate) are recognized on the basis consistent with the fund's accounting measurement objective.

All governmental funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

The government-wide financial statements, as well as the proprietary funds financial statements, are accounted for on a flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund operating statements present increases (revenues) in net total assets.

Private sector standards of accounting and financial reporting, issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statement to the extent that those standards do not conflict with or contradict guidance from GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

C. Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

E. Receivable and Payables

Balances Representing lending/borrowing transactions between funds outstanding at the end of the fiscal year are reported as either "due to/due from other funds" (amounts due within one year), "advances to/from other funds" (non-current portions of interfund lending/borrowing transactions), or "loans to/from other funds" (long-term lending/borrowing transactions as evidenced by loan agreements). Advances and loans to other funds are offset by a fund balance reserve in applicable governmental funds to indicate they are not available for appropriation, and are not expendable available financial resources.

Property, sales, use, and utility user taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year end. Federal and state grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net assets. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measureable and available. The City considers these taxes available if they are received during the period when settlement of prior fiscal year accounts payable and payroll charges normally occur.

Grants, entitlements or shared revenue is recorded as receivables and revenue in the general, special revenue and capital project funds when they are received or susceptible to accrual. Notes receivables represent individual loans, secured by property liens in favor of the City and the Redevelopment Agency, made through various sources,

including the Community Development Block Grant (CDBG) and federal HOME housing programs. When repaid, theses amounts are designated for purposes allowed under the aforementioned reuse guidelines.

F. Allowance for Doubtful Accounts

Management has elected to record bad debts using the allowance method.

G. Prepaid Expenses

The prepaid expenses consist of expendables supplies held for consumption and are recorded as expenses when consumed. Materials and supplies used by governmental funds are recorded as expenditures at the time they are purchases or obtained.

H. Capital Assets

Government-Wide Statements

Public domain (infrastructure) capital assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized, since then these assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. No depreciation is recorded in the year of acquisition or in the year of disposition.

The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	5 – 50 years
Roadway improvements	50 years
Sidewalks, curbs and gutters	50 years
Storm drain pipes/structures	50 years
Traffic signal devices	5 – 40 years
Landscaping	30 years
Signage	25 years
Leasehold improvements	5 years

Machinery and equipment	3 – 5 years
Vehicles	3 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

I. Compensated Absences

Compensated absences represent the vested portion of accumulate vacation and sick leave. In governmental funds, the cost of vacation and sick leave benefits is recognized when payments are made to employees. Upon separation, 100% of accrued vacation leave (up to a maximum of 400 hours) and accrued comp time is paid and, depending on longevity, sick leave is paid out up to 50% of the accrued amount. In proprietary funds, a long-term liability for such benefits has been recorded.

J. Deferred Revenue

Deferred revenue in governmental funds primarily represents business license taxes collected, pool revenues collected for the next fiscal year, and funds to be collected under the City's housing rehabilitation and business assistance programs. These programs consist of long-term deferred payment loans of grant funds received from the state, which were reported as grant revenue in the year received, and expenditures in the year the loans were made. Principal payments, which are receivables at June 30, are offset by an equal amount of deferred revenue. Principal and interest payments will be recognized as revenue when received.

K. Long-term Obligations

In both the governmental-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums, issuance costs and discounts are deferred and amortized over the life of the bond.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

L. Equity Classification

Government-Wide Statements

Equity is classified as net assets and is displayed in three components:

Invested in capital assets, net of related debt – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets – consists of net assets with constraints placed on the use by external groups such as creditors, grantors, contributors, or by laws or regulations of other governments or law through constitutional provisions or enabling legislation.

Unrestricted net assets – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the City:

Nonspendable Fund Balance –

- Assets that will never convert to cash (prepaid items, inventory).
- Assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

Restricted Fund Balance –

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (Creditors, Grantors, Contributors and Other Governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (Gas Tax).

Committed Fund Balance –

- Self imposed limitations set in place prior to the end of the period. (Encumbrances, economic contingencies and uncertainties)
- Limitation at the highest level of decision-making (Council) that requires formal action at the same level to remove.

Assigned Fund Balance –

- Amounts in excess of nonspendable, restricted, and committed fund balance in funds other than the general fund automatically are reported as assigned fund balance.

Unassigned Fund Balance –

- Residual net resources
- Total fund balance in the general fund in excess of nonspendable, restricted, committed and assigned fund balance (surplus).
- Excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).

M. Property Taxes

Property taxes in the State of California are administered for all local agencies at the county level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations are established by the Lake County Assessor for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provision of Article XIII-A of the State Constitution (Proposition 13, adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base assessment, subsequent annual increases in valuation are limited to a maximum of two percent. However, an increase to full value is allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

Tax Levies are limited to one percent of full assessed value which results in a tax rate of one percent assessed valuation under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property are not relieved by subsequent renewal or change in ownership.

Tax Collections are the responsibility of the Lake County Treasurer-Tax Collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments.

The First is due on November 1 of the fiscal year and is delinquent if not paid by December 10;

The second is due on March 1 of the fiscal year and is delinquent if not paid by April 10.

Unsecured personal property taxes do not constitute a lien against property unless the taxes become delinquent. Payments must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments. The City has elected to receive the City's portion of the property taxes from the county under the county Teeter Bill program. Under this program, the City receives 100% of the City's share of the levied property taxes in periodic payments with the county assuming the responsibility for the delinquencies.

Property Tax Administration Fees – the state of California FY 90-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes.

Tax Levy Apportionments – due to the nature of the City-wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of

Proposition 13, apportionments to local agencies are made by the county's auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three fiscal years prior to fiscal year 1979.

N. Interfund Transfers

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

O. Reclassifications

Certain amounts have been reclassified to provide for comparable results on a year to year basis.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City follows these procedures annually in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed draft budget for the fiscal year commencing July 1 of the next fiscal year. The budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget at special scheduled sessions which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is to be adopted by resolution of the City Council. In this fiscal year, a final adopted budget was not approved by the City Council and component unit governing boards until January, 2011, due to personnel issues and a transition period in the Finance Department.
4. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by minute action during the fiscal year. The City Manager may authorize transfers from one object or purpose to another within the same department, and between departments within the General Fund not to exceed an aggregate amount of $2,500 per object (account). All appropriations lapse at year end unless encumbered and carried forward upon the approval of the City Manager.
5. Budgets are adopted for all fund types and are reported on a basis consistent with generally accepted accounting principles. Budgeted amounts presented are as originally adopted and as further amended by the City Council.

Revenue Limitations Imposed by California Propositions 218 and 26

Proposition 218, approved by the voters in November 1996, regulates the City's ability to impose, increase, and extend taxes, assessments, and fees. It was enhanced further by the passage of Proposition 26 in 2010, which

revised to the definitions of taxes and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees be subject to the voter initiative process and may be rescinded in future years by the voters.

NOTE 4 - CASH AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds except for the restricted funds required to be held by outside custodians, fiscal agents or trustees under the provisions of bond indentures. Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

	Maturities (in years)				Fair
	<1	1 to 2	>2	Deposits	Market Value
Cash equivalents and investments pooled					
Pooled cash, at fair value					
Cash in bank	$ -	$ -	$ -	$ 371,603	$ 371,603
Petty cash	-	-	-	300	300
Total pooled items	-	-	-	371,903	371,903
Pooled investments, at fair value					
Interest obligations					
Par Rate					
- 0.000% Federal Agency Securities	110,120	-	-	-	110,120
Money Market Mutual Funds					
State of California Local Agency Investment Fund	-	-	-	8,779,742	8,779,742
Total pooled investments - interest obligations	110,120	-	-	8,779,742	8,889,862
Total cash equivalents and investments pooled	$ 110,120	$ -	$ -	$ 9,151,645	$ 9,261,765

Amounts reported in:	
Governmental activities	$ 3,568,332
Business-type activities	2,626,212
Governmental activities - Restricted	2,875,304
Fiduciary activities - Agency Funds	191,917
Total	$ 9,261,765

Collateral and Categorization Requirements

At the fiscal year end, the City's carrying amount of demand deposits was $83,437 and the bank account balance was $371,603. The difference of $288,166 represented outstanding checks and deposits in transit. Of the total deposit balance, $250,000 was insured by Federal Depository Insurance Corporation (FDIC), and any amount over that would be collateralized in accordance with California Government Code Section 53600-53609.

Investment Policy

The table bellow identifies the investment types that are authorized under provisions of the City's investment policy adopted August 16, 2005 (subsequently updated July 6, 2010), and in accordance with Section 53601 of the California Government Code. The table also identifies certain provisions of the investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating
U.S. Treasury Securities	5 Years	None	None	None
U.S. Government Securities	5 Years	None	None	None
Bankers Acceptances	270 Days	30%	None	None
Certificates of Deposit	5 Years	30%	None	None
Negotiable Certificates of Deposit	5 Years	30%	None	None
Repurchase Agreements	30 Days	None	None	None
Commercial Paper	31 to 180 Days	15-30%	None	A1/P1
Corporate Medium-term Notes	5 Years	30%	None	A
Mutual Funds	None	15%	None	Two/three
Passbook Savings	N/A	None	None	None
Local Agency Investment Fund (LAIF)	N/A	$10m	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that City of Lakeport manages its exposure to interest rate risk is by investing in LAIF, whose underlying securities have staggered maturities and are generally due on demand, which provides cash flow and liquidity needed for operations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organization. The City's investment policy limits credit risk by requiring compliance with the California Government Code for investment of public funds, as described in detail above.

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any single issuer beyond that stipulated by the California government code, Investments in any one issuer that represent 5% or more of total investments at June 30, 2011 are as follows:

Investment Type	Fair Value	Yield	Concentration
Local Agency Investment Fund (LAIF)	$ 8,997,986	0.48%	94.92%
Money Market Mutual Funds	-	0.01%	0.00%
Demand Deposits (checking)	371,603	0.00%	3.92%
U.S. Government Securities	110,120	0.00%	1.16%
Total Funds	$ 9,479,709	0.12%	100.00%
	Weighted Yield	0.46%	

Custodial Credit Risk

The credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able recover its deposits or will not be able to recover collateral securities that are in the possession on an outside party. The California government code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

> *The California government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must be equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.*

At June 30, 2011, the City had $121,603 in financial institutions that were not covered by the FDIC but were covered by collateralized securities of the financial institutions where the deposits were maintained.

The credit risk for *investments* is the risk that, in the event of the failure of counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of another party. The California government code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Participation in an External Investment Pool

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statue, and is chaired by the State Treasurer who is responsible for the day to day administration of LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the City's position in the LAIF pool. The State Treasurer determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available. As of June 30, 2011, the City's investment in LAIF was $8,997,986. The total amount invested by all public agencies at that date was $23.98 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2011 has a balance of $67.01 billion. Financial Statements of LAIF and PMIA may be obtained from the California Treasurer's web site at www.treasureer.ca.gov.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2011:

	Receivables	Allowance	Net
Governmental Activities			
Due from other governments	$ 366,576	$ -	$ 366,576
Accounts	318,927	-	318,927
	$ 685,503	$ -	$ 685,503
Business-type activities			
Due from other governments	$ -	-	$ -
Accounts	254,134	-	254,134
	$ 254,134	$ -	$ 254,134

These amounts resulted in the following concentrations in receivables:

Other governments	39%
Individuals/businesses	61%

Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business or agency.

NOTE 6 – LOANS AND NOTES RECEIVABLE

Through the City's various housing rehabilitation funds, first-time home buyer's funds, and business/economic development loan funds, the City has loaned funds to qualifying individuals and businesses. Interest rates vary depending on the terms of the loan. Interest is accrued on the loans that bear interest. The City also has loans receivable from employees for computer purchases in the General Fund.

Loans and notes receivable for the year ended June 30, 2011, consisted of the following:

	Beginning July 1, 2010	Additions	Deletions	Ending June 30, 2011
Major Governmental Funds:				
Redevelopment Agency Housing Set-Aside fund notes receivable	$ 504,049	$ -	$ (1,100)	$ 502,949
Nonmajor Special Revenue Funds:			-	
Special Revenue Funds				
CDBG Housing Loan fund notes receivable (old)	97,985	-	(733)	97,252
Redevelopment Agency General Fund	25,983	-	-	25,983
CDBG Business Loan fund notes receivable	544,524	-	(48,990)	495,534
CDBG Housing Loan fund notes receivable	187,923	-	-	187,923
Business Stabilization Loan fund notes receivable	75,000	-	(2,712)	72,288
HOME Program Income fund notes receivable	1,021,992	-	-	1,021,992
Total loans/notes receivable	$ 2,457,456	$ -	$ (53,535)	$ 2,403,921

The following is a summary of the loans and notes receivable outstanding as of June 30, 2011:

Redevelopment Agency Housing Set-Aside fund notes –

CSLE	$	48,163
Hernandez		83,832
Hughes		43,636
Satre		53,922
Summerfield		7,267
Ewing		22,000
Benitez		22,630
Donahue		13,486
Poindexter		22,945
Rosencrans		6,992
Jacques		20,484
Ferrell		17,564
Megown		27,616
Davis		65,000
Gaitan		22,183
Jones		25,229
	$	502,949

CDBG Housing Loan fund notes (old) –

Taylor HUD Loan - tracked by CDS	$	62,286
CSLE		34,966
	$	97,252

Redevelopment Agency general fund –

Mulhauser	$	25,983
	$	25,983

CDBG Business Loan fund –

People Services	$	18,322
Lincoln-Leavitt		70,484
John Robertson		101,160
Locker Room(Carlos Lopez)		100,675
Chem-Dry (Carl Knipping)		51,293
Yale Bertolucci		18,300
Holiday Day Care (Michelle Holiday)		13,802
Quality Doors (Spike Young)		121,497
	$	495,534

CDBG Housing Loan fund –

Bautista	$	70,000
York		24,240
Satre		9,805
Samuelson		6,075
Pernell		6,050
Clements		25,400
McDougal		23,910
Schefcick		9,436
Jones		13,007
	$	187,923

Business Stabilization Loan fund –

Kitchen Gallery	$	50,000
Lee's Sporting Goods		22,288
	$	72,288

HOME Program Income Loan fund –

York	$ 109,950
Hughes	95,000
Campbell	52,970
Bathe	64,136
Pernell	101,049
Nolan	65,445
Hatfield	136,162
Ibarra	129,005
Lucas	93,366
Faahs	41,383
Schefcick	65,390
Harris	28,928
Theis	17,122
Domagalski	22,086
	$ 1,021,992

NOTE 7 - CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Governmental activities:					
Nondepreciable assets:					
Land	$ 399,546	$ 329,800	$ -	$ -	$ 729,346
Total nondepreciable assets	399,546	329,800	-	-	729,346
Depreciable assets:					
Buildings and structures	2,619,229	-	-	-	2,619,229
Improvements/CIP	3,565,605	1,140,176	(240,423)	-	4,465,358
Vehicles	1,532,597	-	-	-	1,532,597
Total depreciable assets	7,717,431	1,140,176	(240,423)	-	8,617,184
Total	8,116,977	1,469,976	(240,423)	-	9,346,530
Accumulated depreciation:					
Buildings and structures	(950,466)	(52,384)	-	-	(1,002,850)
Improvements/CIP	(547,632)	(93,384)	-	-	(641,016)
Vehicles	(747,009)	(76,194)	-	-	(823,203)
Total accumulated depreciation	(2,245,107)	(221,962)	-	-	(2,467,069)
Net depreciable assets	5,472,324	918,214	(240,423)	-	6,150,115
Total net capital assets	$ 5,871,870	$ 1,248,014	$ (240,423)	$ -	$ 6,879,461

Business-type capital asset activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Business-type activities					
Nondepreciable assets:					
Land	$ 1,775,403	$ -	$ -	$ -	$ 1,775,403
Total nondepreciable assets	1,775,403	-	-	-	1,775,403
Depreciable assets:					
Buildings and structures	1,839,904	-	-	-	1,839,904
Improvements/CIP	26,133,566	88,894	-	-	26,222,460
Vehicles	537,459	-	-	-	537,459
Total depreciable assets	28,510,929	88,894	-	-	28,599,823
Total	30,286,332	88,894	-	-	30,375,226
Accumulated depreciation:					
Buildings and structures	(496,695)	(36,478)	-	-	(533,173)
Improvements/CIP	(10,998,830)	(681,877)	-	-	(11,680,707)
Vehicles	(473,446)	(51,402)	-	-	(524,848)
Total accumulated depreciation	(11,968,971)	(769,757)	-	-	(12,738,728)
Net depreciable assets	16,541,958	(680,863)	-	-	15,861,095
Total Business-type net capital assets	$ 18,317,361	$ (680,863)	$ -	$ -	$ 17,636,498

Depreciation expense for capital assets was charged to functions as follows:

Governmental activities	
General government	$ 221,962
Public Safety	-
Public Works	-
Community Development	-
Parks and recreation	-
Total depreciation expense - governmental activities	$ 221,962
Business-type activities	
Water	$ 143,205
Wasterwater	598,749
Stormwater	-
Total depreciation expense - busniess-type activities	$ 741,954

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2011:

	Governmental Activities	Business-type Activities	Total
Accounts payable	$ 99,779	$ 22,656	$ 122,435
Deposits	-	29,880	29,880
Accrued payroll and related liabilities	104,712	58,189	162,901
Total	$ 204,491	$ 110,725	$ 315,216

These amounts resulted in the following concentrations in payables:

Vendors	39%
Customers	10%
Employees	51%

Amounts do not indicate a significant concentration (greater than 25%) with any single vendor or employee

NOTE 9 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities					
Capital Lease - Police Cars	$ 247,784	$ -	$ 56,641	$ 191,143	$ 60,040
2004 Series A Bonds	1,050,000	-	-	1,050,000	-
2004 Series B Bonds	1,000,000	-	40,000	960,000	40,000
2008 Series Bonds	3,410,000	-	10,000	3,400,000	10,000
Compensated Absences	381,315	-	95,222	286,093	6,000
Total	$ 6,089,099	$ -	$ 201,863	$ 5,887,236	$ 116,040
Business-Type Activities					
Water Revenue Bonds, 2002 Refunding Loan Agreement	$ 507,135	$ -	$ 57,075	$ 450,060	$ 60,023
Water Revenue Bonds, Series 2000 COPS	2,693,000	-	45,000	2,648,000	-
Sewer District Improvement Bonds, 1993-1	4,113,124	-	103,124	4,010,000	105,000
2007 Series A Bond	2,977,000	-	55,000	2,922,000	55,000
Compensated Absences	28,189	65,328	-	93,517	9,249
Total	$ 10,318,448	$ 65,328	$ 260,199	$ 10,123,577	$ 229,272

Water Revenue Bonds

2002 Refunding Loan Agreement with West America Bank of the 1993 Water Revenue Bonds, total refunding issues $873,577. Semi-annual principal and interest payments of approximately $41,000, at an annual interest rate of 5.1%, are due May 1 and November 1 each year. Payments are secured by water fund revenue. The obligation matures in the year 2017.

Balance due $ 450,060

Water Revenue Bonds

Series 2000 COPS bond with USDA Rural Development. Total issue $3,050,000. Annual principal and interest payments of approximately $105,000, at an interest rate of 4.75%, are due February 1 and August 1 each year. Payments are secured by water fund revenue. The obligation matures in the year 2039.

Balance due $ 2,648,000

Sewer District Improvement Bonds

Series 1993-1 bond with USDA Rural Development. Total issue $5,196,270. Annual principal and interest payments of approximately $115,000, at an interest rate of 5%, are due March 1 and September 1 each year, secured by Municipal Sewer District No.1 revenue from the South Assessment District 91-1 area. The total obligation matures in the year 2032.

Balance due $ 4,010,000

2007 Series A Bonds

2007 Series A, total issue $3,060,000. Annual principal is due on September 1 and interest payments at 5.31% are due September 1 and March 1 each year, which are secured by wastewater fund revenue. The total obligation matures in the year 2037.

Balance due $ 2,922,000

2004 Series A Bonds

2004 Series A bond, total issue $1,070,000. Annual principal is due on September 1 and interest payments are due semi-annually, at an interest rate of 5.25%, September 1 and March 1 each year. Payments are secured by redevelopment tax increment revenue, maturing in year 2035.

Balance due	$	1,050,000

2004 Series B Bonds

2004 Series B bond, total issue $1,170,000. Annual principal is due on September 1 and interest payments are due semi-annually, at an annual interest rate of 5.31%, September 1 and March 1 each year. Payments are secured by redevelopment tax increment revenue, maturing in year 2035.

Balance due	$	960,000

2008 Series Bonds

2008 Series bond, total issue $3,425,000. Annual principal is due on September 1 and interest payments are due semi-annually, at an interest rate of 5.31%, September 1 and March 1 each year. Payments are secured by redevelopment tax increment revenue, maturing in year 2038.

Balance due	$	3,400,000

Capital Lease

The City entered into a lease-purchase agreement with Auto Leasing Specialists, LLC in 2009 for the acquisition of ten police vehicles. Future minimum lease payments of $71,509 are due each November with a present value of the minimum lease payments at June 30 2011 as follows. The total obligation of the lease ends in 2013.

Balance due	$	191,143

Changes in long-term obligations compromise the following:

Issuance costs for 2004 Series A & B bonds and the 2008 RDA bonds in the amount of $342,065 are being amortized over the life of the related debt in the amount of $15,682 per year. Accumulated amortization at June 30, 2011 was $74,065.

Issuance costs for the 2007 Series A bonds are being amortized over the life of the related debt in the amount of $6,853 per year. Accumulated amortization at June 30, 2011 was $23,128.

Various bond indentures contain limitations and restrictions, with which, in the opinion of management, the City is in compliance.

Compensated Absences

The City records employee absences, such as vacation, illness, deferred overtime, and holidays, for which it is expected that employees will be paid as compensated absences. Compensated absences had a balance of $394,859 at June 30, 2011; of that amount, $15,249 is expected to be paid within a year.

Net OPEB Obligation

A net OPEB obligation is the cumulative differences between annual OPEB cost and an employer's contributions to a plan. At June 30, 2011, the City had a Net OPEB Obligation of $146,429. See Note 14 for further discussion on OPEB.

Future debt service for Governmental activities at June 30, 2011 is as follows for all debt except compensated absences and claims liabilities:

Year Ending June 30, 2011	Governmental Activities					
	2004 RDA Tax Exempt Bond Series A		2004 RDA Tax Exempt Bond Series B		2008Tax Allocation Bond Redevelopment Agency	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ -	$ 55,125	$ 40,000	$ 51,442	10,000	165,577
2013	-	55,125	40,000	49,418	15,000	165,187
2014	-	55,125	45,000	47,267	15,000	164,692
2015	-	55,125	45,000	44,990	15,000	164,171
2016	-	55,125	50,000	42,512	15,000	163,627
2017-2021	-	248,062	285,000	169,451	155,000	806,726
2022-2026	5,000	275,625	370,000	78,535	485,000	731,698
2027-2031	525,000	232,706	85,000	2,401	760,000	584,843
2032-2038	520,000	86,756	-	-	1,930,000	442,963
Total	$ 1,050,000	$ 1,118,774	$ 960,000	$ 486,016	$ 3,400,000	$ 3,389,484
Due within one year	$ -	$ 55,125	$ 40,000	$ 51,442	$ 10,000	$ 165,577
Due after one year	1,050,000	1,063,649	920,000	434,574	3,390,000	3,223,907
Total	$ 1,050,000	$ 1,118,774	$ 960,000	$ 486,016	$ 3,400,000	$ 3,389,484

	Capital Lease Obligations					
	Auto Leasing Specialists, LLC				Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	60,039	11,468	-	-	$ 110,039	$ 283,612
2013	63,642	7,866	-	-	118,642	277,596
2014	67,462	4,047	-	-	127,462	271,131
2015	-	-	-	-	60,000	264,286
2016	-	-	-	-	65,000	261,264
2017-2021	-	-	-	-	440,000	1,224,239
2022-2026	-	-	-	-	860,000	1,085,858
2027-2031	-	-	-	-	1,370,000	819,950
2032-2038	-	-	-	-	2,450,000	529,719
Total	$ 191,143	$ 23,381	$ -	$ -	$ 5,601,143	$ 5,017,655
Due within one year	$ 60,039	$ 11,468	$ -	$ -	$ 110,039	$ 283,612
Due after one year	131,104	11,913	-	-	5,491,104	4,734,043
Total	$ 191,143	$ 23,381	$ -	$ -	$ 5,601,143	$ 5,017,655

Future debt service for Business-type activities at June 30, 2011 is as follows for all debt except compensated absences and claims liabilities:

Year Ending June 30,	Business-type Activities					
	1993 Refunding Water Loan West America Bank		1998 Water Project Loan Series 2000 USDA Rural Dev		1993 CLMSD Assessment Bond Series 1993-1 (91-1)	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 60,023	$ 22,197	$ -	$ 126,848	105,000	197,875
2013	63,123	19,097	47,000	124,663	110,000	192,500
2014	66,383	15,836	49,500	122,371	115,000	186,875
2015	69,812	12,408	51,500	119,973	120,000	181,000
2016	73,418	8,802	54,000	117,467	125,000	174,875
2017-2021	117,301	6,032	313,000	545,133	735,000	770,125
2022-2026	-	-	393,500	471,593	935,000	562,375
2027-2031	-	-	496,500	356,333	1,200,000	297,250
2032-2038	-	-	1,243,000	264,912	565,000	28,625
Total	$ 450,060	$ 84,372	$ 2,648,000	$ 2,249,293	$ 4,010,000	$ 2,591,500
Due within one year	$ 60,023	$ 22,197	$ -	$ 126,848	$ 105,000	$ 197,875
Due after one year	390,037	62,175	2,648,000	2,122,445	3,905,000	2,393,625
Total	$ 450,060	$ 84,372	$ 2,648,000	$ 2,249,293	$ 4,010,000	$ 2,591,500

	Wastewater Revenue Bond Series 2007A CSCDA				Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	55,000	132,260	-	-	$ 220,023	$ 479,180
2013	60,000	129,960	-	-	280,123	466,220
2014	60,000	127,560	-	-	290,883	452,642
2015	65,000	125,060	-	-	306,312	438,441
2016	65,000	122,460	-	-	317,418	423,604
2017-2021	375,000	569,300	-	-	1,540,301	1,890,590
2022-2026	460,000	478,625	-	-	1,788,500	1,512,593
2027-2031	575,000	362,377	-	-	2,271,500	1,015,960
2032-2038	1,207,000	250,010	-	-	3,015,000	543,547
Total	$ 2,922,000	$ 2,297,612	$ -	$ -	$ 10,030,060	$ 7,222,777
Due within one year	$ 55,000	$ 132,260	$ -	$ -	$ 220,023	$ 479,180
Due after one year	2,867,000	2,165,352	-	-	9,810,037	6,743,597
Total	$ 2,922,000	$ 2,297,612	$ -	$ -	$ 10,030,060	$ 7,222,777

Deferred Debt Issuance Costs

Bond issuance costs are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

NOTE 10 - NET ASSETS/FUND BALANCES

Net Assets

	Governmental Activities
Restricted for:	
RDA Debt Service	$ 1,046,250
Low and moderate income housing	$ 593,679
Grants and special revenues	$ 963,257
Total	$ 2,603,186

- Restricted for RDA capital projects reflects funds that can only be spent on specific expenditures as defined by bond covenants between bond holders and the City of Lakeport Redevelopment Agency. This also includes a debt service reserve currently held by a trustee, Union Bank.
- Restricted for low and moderate income housing – represents the 20% of tax increment revenues generated by the Redevelopment Project Area to be used to increase and improve the City's supply of low and moderate income housing as specified by the Health and Safety Code.
- Grants and special revenue funds are restricted in their use by outside entities or obligations, such as grantors, state statues, and program income requirements for loans issued.

Fund Balance

Nonspendable	
Land and buildings held for resale	$ 407,964
Loans/Notes receivable	2,403,921
Total Nonspendable	2,811,885
Restricted	
RDA Debt Service	1,046,250
Low and moderate income housing	593,679
Grants and special revenues	963,257
Total Restricted	2,603,186
Committed	
Total Committed	-
Assigned	
Capital improvements	2,174,205
	2,174,205
Unassigned	
Reserve and remaining	2,096,000
	2,096,000
Total Fund Balance	$ 9,685,276

The following describe the purpose of each nonspendable, restricted, committed, assigned and unassigend category used by the City:

Nonspendable

- **Land and buildings held for resale** – includes properties held for the purpose of redevelopment either through resale or conversion to public use, which do not represent available, spendable resources even though they are components of assets.
- **Loans/notes receivable** – used to segregate that portion of fund balance to indicate that long-term loans or notes receivable do not represent available, spendable resources even though they are components of assets.
- **Prepaid items** - used to segregate that portion of fund balance to indicate that prepaid amounts do not represent available, spendable resources even though they are components of assets.

Restricted

- **RDA debt service –** represents remaining amounts held in trust and designated for projects to eliminate blight as well as a debt service reserve for the RDA 2008 tax allocation bond.
- **Low and moderate income housing –** represents the 20% of tax increment revenues generated by the Redevelopment Project Area to be used to increase and improve the City's supply of low and moderate income housing as specified by the Health and Safety Code.
- **Grants and special revenues -** restricted in their use by outside entities or obligations, such as grantors, state statues, and program income requirements for loans issued.

Committed

There were no committed balances at June 30, 2011.

Assigned

- **Capital improvements** – projects involving road improvements and rehabilitation of the downtown streetscape.

Unassigned

- **Reserve and remaining** – the City does not have an official reserve policy or guidelines for its use; however, fund balance in whole generally is considered to be the reserve.

Fund Deficits

Deficit fund balances consisted of the following:

Nonmajor Special Revenue Funds:

Fund Name	Fund Number	Deficit Amount	Discussion/Explanation
Parkland Dedication Fund	202	(37,049)	Deficit resulted from a large payment to the Witt loan in June. Financing for that payment will come from the general fund and be repaid from park dedication fees.
Lakeport Housing Program	209	($227,734)	This fund was used to acquire certain properties for the City over the last decade. Management has elected to keep this fund balance in a negative balance as income to the fund will reduce it. Financing in the interim will come from the general fund.
Sewer Assessment Bond District	301	($3,253,356)	This is a debt service fund and is appropriate to maintain a negative equity balance.
RDA Special Revenue Fund	212	(33,219)	Reclassification of this fund resulted in a negative fund balance as of June 30, 2011.

Expenditures and transfers exceeded appropriations for the year ended June 30, 2011, for the following funds:

Fund	Final Appropriations	Expenditures	Excess
Major Governmental Funds			
General Fund			
General government	$ 708,974	$ 732,333	$ (23,359)
Nonmajor Funds			
Parkland Dedication fund	-	62,041	(62,041)
Economic RLF Re-Use fund	10,000	15,360	(5,360)
Business Stabilization Loan fund	-	4,278	(4,278)
Safe Routes to School fund	-	15,454	(15,454)
Prop 40 Per Capita Grant fund	111,500	111,698	(198)
Storm Drainage fund	-	4,350	(4,350)

NOTE 11- INTERFUND TRANSACTIONS

With City Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund which has made expenditure on behalf of another fund. Transfers between funds during the fiscal year ended June 30, 2011 were as follows:

	Transferred In	Transferred Out
Governmental Funds		
Major funds:		
Fund: 110 - GENERAL FUND	$ 1,025,419	$ -
Fund: 213 - RDA CAPITAL PROJECTS FUND	2,601,640	-
Fund: 217 - RDA BOND REDEMPTION FUND	337,349	3,116,026
Fund: 219 - RDA LOW/MODERATE HOUSING FUND	318,185	-
Total major funds	4,282,593	3,116,026
Non-major funds:		
Special revenue funds:		
Fund: 203 - 2105 GAS TAX FUND	50,059	-
Fund: 204 - 2106 GAS TAX FUND	-	18,661
Fund: 205 - 2107 GAS TAX FUND	-	29,392
Fund: 206 - 2107.5 GAS TAX FUND	-	2,003
Fund: 208 - T D A NON-TRANSIT FUND	-	114,303
Fund: 210 - ECON RLF RE-USE FUND	-	20,000
Fund: 212 - REDEVELOPMENT AGENCY FUND	675,322	373,855
Fund: 220 - TRAFFIC CONGESTION RELIEF FUND	-	89,858
Fund: 228 - HOUSING REVOLVING LOAN (RLA)	-	10,000
Fund: 230 - FEMA-1646 STORM DAMAGE 2006	-	41,316
Fund: 231 - 2007 HOME GRANT	-	383,372
Fund: 234 - BUS LOAN STABLIZ PROG FUND	-	103,404
Fund: 235 - 2009 HOME GRANT	-	24,896
Fund: 236 - PTA Grant#09-PTAG-6504	-	8,750
Fund: 237 - BUSINESS LOAN RLF	9,400	10,000
Fund: 238 - CDBG HOUSING GRANT 2010	19,842	20,000
Fund: 404 - INDIAN GAMING FUNDS	11	105,773
Fund: 405 - PROP 1B LOCAL STREET/ROAD IMPR	5	156,597
Fund: 406 - REG STATE TRANSPORTATION FUND	4	386,868
Fund: 408 - BEVINS STREET MAINTENANCE FUND	-	22,161
Total non-major funds	754,642	1,921,209
Total Transfers	5,037,235	5,037,235

Transfers were made primarily to close out old funds and accounts that were no longer in use but had a fund balance resulting from advances from other funds that were not recorded in previous years. Other transferred included funds within the Redevelopment Agency for capital projects as well as to repay funds for advances.

NOTE 12 – RISK MANAGEMENT

The City is an associate member of the Redwood Empire Municipal Insurance Fund (REMIF), a public entity pool comprised of fifteen northern California charter and associate member cities. REMIF is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of REMIF is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. The City pays an annual premium to REMIF for its workers' compensation, general liability and property coverage.

The City of Lakeport participates in the following three REMIF programs:

General Liability Insurance

Annual premiums are paid by the member cities and are adjusted retrospectively to cover costs. The City of Lakeport self-insures for the first $5,000 of each loss and pays 100% of all losses incurred under $5,000. The City does not share or pay for losses of other cities under $5,000, depending on the entity's deductible amount. Participating cities then share in the next $5,000 to $500,000 per loss occurrence. Specific coverage includes comprehensive and general automotive liability, personal injury, contractual liability, professional liability, and certain other coverage. REMIF is a member of the California Joint Powers Risk Management Authority, which provides REMIF with an additional $9,500,000 liability insurance coverage over and above REMIF retention level of $500,000.

Worker's Compensation

Periodic deposits are paid by member cities and are adjusted retrospectively to cover costs. The City of Lakeport is self-insured for the first $5,000 of each loss and pays 100% of all losses incurred under $5,000. The City does not share or pay for losses of other cities under $5,000.

Losses of $10,000 to $300,000 are prorated among all participating cities. Losses in excess of $300,000 are covered by excess insurance purchased by participating cities, as part of the pool, to State statutory limits.

Property Insurance

The City participates in REMIF's property insurance program. The annual deposits paid by participating member cities are based upon deductibility levels and are not subject to retroactive adjustments. The City of Lakeport has a deductible level of $10,000 and a coverage limit of $300,000,000 declared value.

The following is a summary of the financial statements of REMIF as of and for the fiscal year ended June 30, 2011:

Total assets	$ 17,941,577
Total liabilities	14,408,878
Members' equity	$ 3,532,699
Total revenue	$ 8,933,556
Total expense	10,750,502
Operating income (loss)	$ (1,816,946)

REMIF issues a separate comprehensive annual financial report. Copies of that report may be obtained from REMIF at Post Office Box 885, Sonoma, California 95476.

NOTE 13 - PUBLIC EMPLOYEE RETIREMENT PLAN

Plan Description

The City contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statue and city ordinance. Copies of PERS annual financial report may be obtained from the Executive Office, 400 "P" Street, Sacramento, California 95814.

Funding Status and Progress

Non-public safety participants are required to contribute eight percent of their annual covered salary, while public safety employees are required to contribute nine percent of their annual covered salary. The city makes the contributions required of city employees on their behalf and their account. The City is required to contribute at an actuarially determined rate; the 2010-2011 rate was 16.562% for non-safety employees (miscellaneous plan) and 28.011% for public safety employees (safety plan), of annual covered payroll.

Due to substantial unfunded liabilities in both plans, resulting from the economic downturn and recession of 2008, these contribution rates are scheduled to increase to 20.863% and 34.562% respectively in fiscal year 2011/2012 and 21.4% and 35.4% respectively in fiscal year 2012/2013, a total increase of 29.42%. If these changes do not return both funds to full funded status, it is possible that CalPERS will schedule additional increases to compensate. As always, the contribution requirements of plan members and the City established and may be amended by PERS.

Annual Pension Cost

The City's annual pension cost of $507,334 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included:

- ✓ An 7.75% investment rate of return (net of administrative expenses)
- ✓ Projected annual salary increases of 3.55% to 14.45% depending on age, service, and type of employment
- ✓ An inflation rate of 3%
- ✓ A payroll growth rate of 3.25%
- ✓ Individual salary growth- a merit scale varying by duration of employment coupled with an assumed annual inflation growth rate of 3% and an annual production growth of 0.25%

The City's retirement plans for non-safety and safety employees are part of the CalPERS risk pools for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, stand-alone information of the schedule of the funding progress for the City's retirement plans is no longer available or disclosed.

Historical Trend Information

Three-year trend information give an indication of the progress made in accumulating sufficient assets to pay benefits when due.

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008-09	$ 507,320	100%	$ -
2009-10	$ 507,886	100%	$ -
2010-11	$ 507,334	100%	$ -

NOTE 14 - POST-RETIREMENT HEALTH CARE BENEFITS

Plan Description

The city provides certain health care benefits to qualified retired employees until they become eligible for Medicare benefits. Employees of the City may become eligible for these benefits when they reach normal retirement age while working for the City based upon years of service.

Funding Policy

The City recognizes the cost of providing these benefits by expensing their month insurance premiums. Other postemployment benefits paid by the City for the year totaled $379,725.

The plan provisions and benefits are summarized below:

Benefit types provided	Medical only	Medical only
Duration of Benefits	Lifetime	Lifetime
Required Service	12 years	12 years
Minimum Age	50	50
Dependent Coverage	Yes	Yes
City Contribution %*	12-14 years of service: 40%	12-14 years of service: 40%
	15-17 years of service: 60%	15-17 years of service: 60%
	18-20 years of service: 80%	18-20 years of service: 80%
	21+ years of service: 100%	21+ years of service: 100%
City Cap	Active cap (currently a % of premium)	Active cap (currently a % of premium)

*Applies to City contribution for active coverage. Those hired prior to 4/6/99 are entitled to the active contribution upon retirement subject only to the minimum pension eligibility requirements.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	$ 429,581
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	429,581
City portion of current premiums paid	(283,152)
Benefit payments made outside of trust	-
Increase in net OPEB obligation	146,429
Net OPEB obligation – beginning of year	-
Net OPEB obligation – end of year	$ 146,429

The City 's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2011 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	N/A	N/A	N/A
6/30/10	N/A	N/A	N/A
6/30/11	429,581	66%	$146,429

Measurement began with the 6/30/11 fiscal year implementation of GASB 45.

Funded Status and Funding Progress

The funded status of the Plan as of June, 2011 the Plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$6,863,624
Actuarial value of Plan assets	-
Unfunded actuarial accrued liability (UAAL)	$6,863,624
Funded ratio (actuarial value of Plan assets/AAL)	0%
Covered payroll (active Plan participants)	$2,884,993
UAAL as a percentage of covered payroll	238%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 1, 2011 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 5 percent investment rate of return, which is the expected long-term investment returns on plan assets, a projected salary increase assumption rate of 3 percent, and an annual healthcare cost trend rate of 4 percent. The actuarial value of assets is not applicable (no assets as of the initial valuation date). The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at June 1, 2011 was thirty years.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Grants and Allocations

The City receives funding from a number of federal, state and local grant programs, principally Community Development Block Grants (CDBG). These programs are subject to financial and compliance review by grantors. Accordingly, the City's compliance with applicable grant requirements has been determined through a single audit, performed for the year ended June 30, 2011. Expenditures, if any, which may be disallowed by the granting

agencies, cannot be determined at this time. The City does not expect the undeterminable amounts of disallowed expenditures, if any, to materially affect the financial statements. Receipt of these federal, state and local grant revenues is not assured in the future.

Litigation

The City is involved in litigation with the Lakeport Police Officers' Association regarding a plan amendment to the officers' retirement program. The outcome of this lawsuit may have a material adverse effect on the financial condition of the City, but the exact amount of that effect is not presently determinable.

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS

In March 2009, the GASB issued Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*." This statement initially distinguishes fund balance between amounts that are considered nonspendable, such as fund balance associated with long-term notes receivable or inventory, and other amounts that are classified as spendable based on the relative strength of the constraints that control the purpose for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

Restricted - amounts that can be spend only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

Committed – amounts that can be used only for the *specific purposes* determined by a formal action of the government's higher level of decision-making authority.

Assigned – amounts intended to be used by the government for *specific purposes* but do meet the criteria to be classified as restricted or committed.

Unassigned – the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The new standard also clarifies the definitions of individual governmental fund types. It specifies how economic stabilization or "rainy day" amounts should be reported. Because of the specific nature of these accounts, the statement considers stabilization amount as *specific purposes*. Stabilization amounts should be reported in the general fund as restricted or committed if they meet the appropriate criteria. Only if the resources in the stabilization arrangement derive from a restricted or committed revenue source could a stabilization fund be reported as a special revenue fund.

The definition of a governmental fund, including the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by this statement. The capital projects fund type was clarified for better alignment with the needs of financial statements users and prepares. Definitions are as follows:

General fund – account for and report all financial resources and uses not accounted for and reported in another fund.

Special revenue funds – account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital projects funds – account for and report financial resources that are restricted, committed, or assigned to the expenditure for capital outlays, including the acquisition of construction of capital facilities and other capital assets.

Debt service funds- account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Permanent funds- account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of government or its citizenry.

The requirements of this statement were effective for fiscal periods beginning after June 15, 2010 with earlier implementation encouraged. The statements presented herein conform and comply with GASB No. 45.

The GASB has issued Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The implementation of this Statement did not have an effect on these financial statements.

The GASB has issued Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards." The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. The implementation of this Statement did not have an effect on these financial statements.

The GASB has issued Statement No. 59, "Financial Instruments Omnibus." The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The City implemented this Statement in fiscal year 2010-11.

NOTE 17 - SUBSEQUENT EVENTS

Redevelopment Agencies

On June 29, 2011, the Governor signed an emergency measure (AB 26X) that eliminates Redevelopment Agencies in the State of California as they currently operate. The measure was challenged in the California Supreme Court with a decision issued on December 29, 2011 finding that the State has the authority to dissolve Redevelopment Agencies but does not have authority to condition their continued existence on required payments. The City has been appointed as the successor Agency to the Lakeport Redevelopment Agency and has filed a Recognized Obligation Payment Schedule (ROPS) with the State on March 1, 2012.

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Other Supplementary Information

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CITY OF LAKEPORT
Schedule of Debt Service Coverage
Water and Sewer Enterprise
Year Ended June 30, 2011

	Water	Sewer
OPERATING INCOME (LOSS)	$ 71,817	$ (248,913)
Add:		
Depreciation and amortization	143,205	649,679
Interest revenue	7,295	32,108
Property taxes	-	382,137
HOPTR	-	780
Net Revenue	222,317	815,791
Debt Service:		
Principal	100,656	158,000
Interest	177,214	322,890
Total debt service	$ 277,870	$ 480,890
Calculated coverage	0.80	1.70

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Required Supplementary Information

(UNAUDITED)

CITY OF LAKEPORT

Combining Balance Sheet – Non-Major Governmental Funds

Non-Major Governmental Funds

Year Ended June 30, 2011

	Parkland Dedication Special Revenue	HUTA Gas Tax Special Revenue	TDA Non-transit Special Revenue	Lakeport Housing Special Revenue
ASSETS				
Cash and Investments	$ -	$ 103,880	$ -	$ -
Restricted cash and investments	-	-	-	-
Receivables:				
Interest	19	-	-	-
Taxes	-	28,977	-	-
Notes	-	-	-	97,252
Other	-	-	-	-
Advances to other funds	-	-	-	-
Due From Other Funds	-	-	-	-
Land Held for Resale	-	-	-	-
Total Assets	19	132,857	-	97,252
LIABILIITIES				
Accounts Payable	-	-	-	-
Accrued Liabilities	-	-	-	-
Deferred Revenue	-	-	-	-
Advances from Other Funds	37,068	-	-	227,734
Due to Other Funds	-	-	-	-
Interfund Loans	-	-	-	-
Total Liabilities	37,068	-	-	227,734
FUND BALANCE				
Nonspendable:				
Land held of resale	-	-	-	-
Loans receivable	-	-	-	97,252
Restricted	-	132,857	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(37,049)	-	-	(227,734)
Total Fund Balance	(37,049)	132,857	-	(130,482)
Total Liabilities and Fund Balance	$ 19	132,857	$ -	$ 97,252

CITY OF LAKEPORT
Combining Balance Sheet (cont.)
Non-Major Governmental Funds
Year Ended June 30, 2011

Economic RLF Special Revenue	Redevelopment Agency Special Revenue	Traffic Congestion Special Revenue	Housing RLF Special Revenue	FEMA-1646 Special Revenue	2007 HOME Grant Special Revenue
$ 62,017	$ -	$ -	$ 32,787	$ -	$ -
-	-	-	-	-	-
165	187	-	9	-	-
-	-	-	-	-	-
495,534	25,983	-	187,923	-	-
-	2,367	-	-		
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
557,716	28,537	-	220,719	-	-
982	15,962	-	40	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	19,811	-	-	-	-
-	-	-	-	-	-
982	35,773	-	40	-	-
-	-	-	-	-	-
495,534	25,983	-	187,923	-	-
61,200	-	-	32,756	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(33,219)	-	-	-	-
556,734	(7,236)	-	220,679	-	-
$ 557,716	$ 28,537	$ -	$ 220,719	$ -	$ -

CITY OF LAKEPORT
Combining Balance Sheet (cont.)
Non-Major Governmental Funds
Year Ended June 30, 2011

Emergency Housing Special Revenue	Microenterprise RLF Special Revenue	Business Stabilization Special Revenue	2009 HOME Grant Special Revenue	PTA Grant #09-PTAG-6504 Special Revenue	Business RLF Special Revenue
$ 44,966	$ 3,431	$ 1,221	$ -	$ -	$ 5,404
-	-	-	-	-	-
0	-	-	-	-	-
-	-	-	-	-	-
-	-	72,288	-	-	-
			113,955	8,750	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
44,967	3,431	73,509	113,955	8,750	5,404
-	-	140	3,644	-	-
-	-	-	-	-	-
-	-		-	-	-
-	-	-	-	-	-
-	-	-	110,311	8,750	-
-	-	-	-	-	-
-	-	140	113,955	8,750	-
-	-	-	-	-	-
-	-	72,288	-	-	-
44,967	3,431	1,081	-	-	5,404
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
44,967	3,431	73,369	-	-	5,404
$ 44,967	$ 3,431	$ 73,509	$ 113,955	$ 8,750	$ 5,404

CITY OF LAKEPORT
Combining Balance Sheet (cont.)
Non-Major Governmental Funds
Year Ended June 30, 2011

CDBG 2010 Grant Special Revenue	HOME Program Income Special Revenue	Tenth Street Drainage Special Revenue	Lakeport Blvd Improvement Special Revenue	South Main Improvement Special Revenue	Indian Gaming Fund Special Revenue
$ -	$ -	$ 84,228	$ 115,493	$ 61,206	$ -
-	-	-	-	-	-
-	-	63	87	42	-
-	-	-	-	-	-
-	1,021,992	-	-	-	-
1,734	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,734	1,021,992	84,291	115,579	61,248	-
241	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,493	-	-	-	-	-
-	-	-	-	-	-
1,734	-	-	-	-	-
-	-	-	-	-	-
-	1,021,992	-	-	-	-
-	-	84,291	115,579	61,248	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,021,992	84,291	115,579	61,248	-
$ 1,734	$ 1,021,992	$ 84,291	$ 115,579	$ 61,248	$ -

CITY OF LAKEPORT
Combining Balance Sheet (cont.)
Non-Major Governmental Funds
Year Ended June 30, 2011

Prop 1B Fund Special Revenue	State Transportation Special Revenue	Parkside Traffic Mitigation Special Revenue	Bevins Street Maintenance Special Revenue	Forbes Creek Trail Special Revenue	Lakeshore Storm Damage Special Revenue
$ -	$ -	$ 17,121	$ -	$ -	$ 8,823
-	-	-	-	-	-
-	-	0	-	-	0
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	49,398	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	17,121	-	49,398	8,823
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	49,398	-
-	-	-	-	-	-
-	-	-	-	49,398	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	17,121	-	-	8,823
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	17,121	-	-	8,823
$ -	$ -	$ 17,121	$ -	$ 49,398	$ 8,823

CITY OF LAKEPORT
Combining Balance Sheet (cont.)
Non-Major Governmental Funds
Year Ended June 30, 2011

Safe Routes to Schools Special Revenue	Forbes St. Project Special Revenue	Prop 40 Per Capita Grant Special Revenue	Storm Drainage Fund Special Revenue	Other Governmental Funds
$ -	$ -	$ -	$ 394,396	$ 934,974
-	-	-	-	-
				-
-	-	-	102	674
-	-	-	-	28,977
-	-	-	-	1,900,972
17,503	-	16,044		209,751
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
17,503	-	16,044	394,498	3,075,348
-	-	-	-	21,009
-	-	-	-	-
-	-	-	-	-
-	-	-	-	264,802
17,503	-	16,044	-	223,310
-	-	-	-	-
17,503	-	16,044	-	509,121
-	-	-	-	-
-	-	-	-	1,900,972
-	-	-	394,498	963,257
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(298,002)
-	-	-	394,498	2,566,227
$ 17,503	$ -	$ 16,044	$ 394,498	$ 3,075,348

CITY OF LAKEPORT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental
Non-Major Governmental Funds
Year Ended June 30, 2011

	Parkland Dedication Special Revenue	HUTA Gas Tax Special Revenue	TDA Non-transit Special Revenue	Lakeport Housing Special Revenue
REVENUE				
Taxes	$ -	$ 123,043	$ -	$ -
Licenses, Permits, and Franchises	-	-	-	-
Fines , Forfeitures, and Penalties	-	-	-	-
Use of Money and Property	843	85	213	-
Intergovernmental Revenue	-	-	-	-
Charges for Service	-	-	-	-
Other Revenue	(14,201)	-	-	6,542
Total Revenue	(13,358)	$ 123,128	213	6,542
EXPENDITURES				
Current-				
General Government	62,041	-	-	-
Community Development	-	-	-	-
Engineering and Public Works - Roads	-	-	-	-
Housing and Support Programs	-	-	-	-
Redevelopment/Economic Development	-	-	-	-
Public Safety	-	-	-	-
Parks, Buildings, and Grounds	-	-	-	-
Capital Outlay	-	-	-	-
Debt service-		-		
Principal Retirement	-	-	-	-
Interest	-	-	-	-
Total Expenditures	62,041	$ -	-	-
Excess of Revenue over (under) Expenditures	(75,399)	123,128	213	6,542
OTHER FINANCING SOURCES (USES)				
Pass-through obligations	-	-	-	-
SERAF payments		-	-	-
Housing Loans	-	-	-	97,252
Transfers in		50,059	-	-
Transfers out	-	(50,056)	(114,303)	-
Total Other Financing Sources (Uses)	-	$ 3	(114,303)	97,252
NET CHANGE IN FUND BALANCE	(75,399)	123,131	(114,090)	103,794
		-		
BEGINNING FUND BALANCES	38,350	9,726	114,090	(234,276)
ENDING FUND BALANCES	$ (37,049)	132,857	$ -	$ (130,482)

CITY OF LAKEPORT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (cont.)
Non-Major Governmental Funds
Year Ended June 30, 2011

Economic RLF Special Revenue	Redevelopment Agency Special Revenue	Traffic Congestion Special Revenue	Housing RLF Special Revenue	FEMA-1646 Special Revenue	2007 HOME Grant Special Revenue
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,107	978	78	157	36	-
-	-	-	-	-	218,121
-	-	-	-	-	-
37,565	23,424	-	34,624	-	-
38,672	24,402	78	34,781	36	218,121
-	581,265	-	-	-	-
-	5,740	-	-	-	-
-	-	-	-	-	-
15,360	-	-	2,791	-	14,575
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	53,160	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15,360	640,165	-	2,791	-	14,575
23,312	(615,763)	78	31,990	36	203,546
-	(185,826)	-	-	-	-
-	(64,442)	-	-	-	-
495,534			187,923		279,818
-	675,322	-	-	-	-
(20,000)	(373,855)	(89,858)	(10,000)	(41,316)	(383,372)
475,534	51,199	(89,858)	177,923	(41,316)	(103,554)
498,846	(564,564)	(89,780)	209,913	(41,280)	99,992
57,888	557,328	89,780	10,766	41,280	(99,992)
$ 556,734	$ (7,236)	$ -	$ 220,679	$ -	$ -

CITY OF LAKEPORT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (cont.)
Non-Major Governmental Funds
Year Ended June 30, 2011

Emergency Housing Special Revenue	Microenterprise RLF Special Revenue	Business Stabilization Special Revenue	2009 HOME Grant Special Revenue	PTA Grant #09-PTAG-6504 Special Revenue	Business RLF Special Revenue
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
34	3	135	-	-	4
-	-	-	155,338	8,750	6,000
-	-	-	-	-	-
-	2,964	3,660	544	-	-
34	2,967	3,795	155,882	8,750	6,004
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,682	696	4,278	130,882	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,682	696	4,278	130,882	-	-
(3,648)	2,271	(483)	25,000	8,750	6,004
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	9,400
-	-	(103,404)	(24,896)	(8,750)	(10,000)
-	-	(103,404)	(24,896)	(8,750)	(600)
(3,648)	2,271	(103,887)	104	-	5,404
48,614	1,160	104,969	(104)	-	-
$ 44,966	$ 3,431	$ 1,083	$ -	$ -	$ 5,404

CITY OF LAKEPORT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (cont.)
Non-Major Governmental Funds
Year Ended June 30, 2011

CDBG 2010 Grant Special Revenue	HOME Program Income Special Revenue	Tenth Street Drainage Special Revenue	Lakeport Blvd Improvement Special Revenue	South Main Improvement Special Revenue	Indian Gaming Fund Special Revenue
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	308	423	209	123
1,734	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,734	-	308	423	209	123
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,577	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,577	-	-	-	-	-
157	-	308	423	209	123
-	-	-	-	-	-
-	-	-	-	-	-
	1,021,992				
19,842	-	-	-	-	11
(20,000)	-	-	-	-	(105,773)
(158)	1,021,992	-	-	-	(105,762)
(1)	1,021,992	308	423	209	(105,639)
-	-	83,983	115,157	61,039	105,639
$ -	$ 1,021,992	$ 84,291	$ 115,579	$ 61,248	$ -

CITY OF LAKEPORT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (cont.)
Non-Major Governmental Funds
Year Ended June 30, 2011

Prop 1B Fund Special Revenue	State Transportation Special Revenue	Parkside Traffic Mitigation Special Revenue	Bevins Street Maintenance Special Revenue	Forbes Creek Trail Special Revenue	Lakeshore Storm Damage Special Revenue
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
137	366	13	17	32	7
-	-	-	-	(32)	-
-	-	-	-	-	-
-	-	-	-	-	-
137	366	13	17	-	7
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
137	366	13	17	-	7
-	-	-	-	-	-
-	-	-	-	-	-
5	3	-	-	-	-
(156,597)	(386,868)	-	(22,161)	-	-
(156,592)	(386,865)	-	(22,161)	-	-
(156,455)	(386,499)	13	(22,144)	-	7
156,455	386,499	17,108	22,144	-	8,816
$ -	$ -	$ 17,121	$ -	$ -	$ 8,823

CITY OF LAKEPORT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (cont.)
Non-Major Governmental Funds
Year Ended June 30, 2011

Safe Routes to Schools Special Revenue	Forbes St. Project Special Revenue	Prop 40 Per Capita Grant Special Revenue	Storm Drainage Fund Special Revenue	Total Other Governmental Funds
$ -	$ -	$ -	$ -	$ 123,043
-	-	-	3,049	3,049
-	-	-	-	-
-	-	-	690	5,998
17,504	461,493	111,698	-	980,606
-	-	-	-	-
-	-	-	-	95,122
17,504	461,493	111,698	3,739	1,207,819
-	-	-	-	643,306
-	-	-	-	5,740
15,454	454,144	-	-	469,598
-	-	-	-	173,841
-	-	-	-	-
-	-	-	-	-
-	-	111,698	-	111,698
-	-	-	4,350	57,510
				-
-	-	-	-	-
-	-	-	-	-
15,454	454,144	111,698	4,350	1,461,693
2,050	7,349	(0)	(611)	(253,874)
-	-	-	-	(185,826)
-	-	-	-	(64,442)
				2,082,519
-	-	-	-	754,642
-	-	-	-	(1,921,209)
-	-	-	-	665,684
2,050	7,349	(0)	(611)	411,810
(2,050)	(7,349)	-	395,109	2,082,129
$ -	$ -	$ -	$ 394,498	2,493,939

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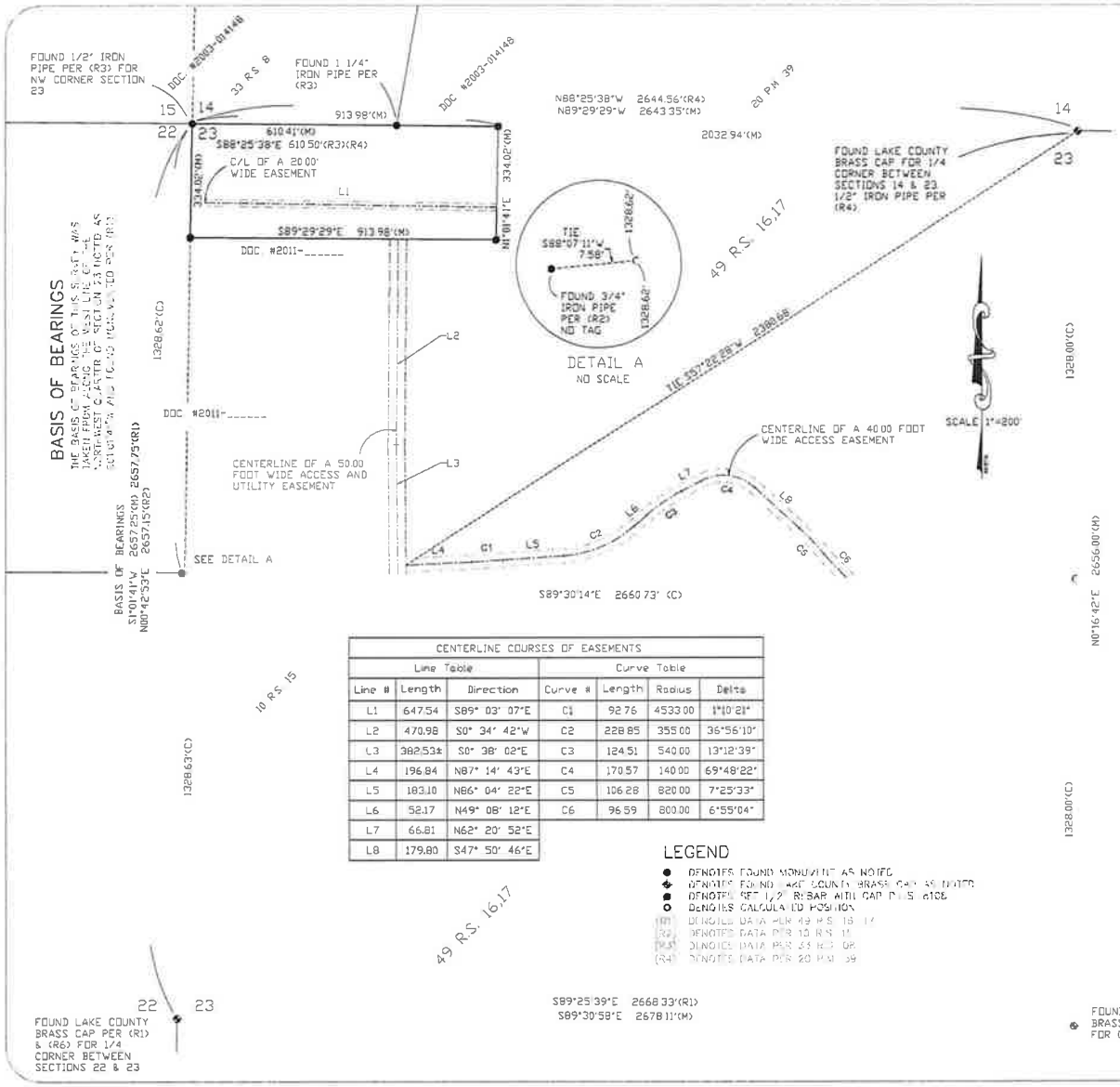
END OF DOCUMENT

APPENDIX F

RECORD OF SURVEY

BEING A PORTION OF THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 23, T.14 N., R.10 W., M.D.B. & M., PER DOC # 2011_____
CITY OF LAKEPORT, COUNTY OF LAKE
STATE OF CALIFORNIA
MARCH, 2012



CENTERLINE COURSES OF EASEMENTS						
Line Table			Curve Table			
Line #	Length	Direction	Curve #	Length	Radius	Delta
L1	647.54	S89° 03' 07"E	C1	92.76	4533.00	1°10'21"
L2	470.98	S0° 34' 42"W	C2	228.85	355.00	36°56'10"
L3	382.53±	S0° 38' 02"E	C3	124.51	540.00	13°12'39"
L4	196.84	N87° 14' 43"E	C4	170.57	140.00	69°48'22"
L5	183.10	N86° 04' 22"E	C5	106.28	820.00	7°25'33"
L6	52.17	N49° 08' 12"E	C6	96.59	800.00	6°55'04"
L7	66.81	N62° 20' 52"E				
L8	179.80	S47° 50' 46"E				

LEGEND

- ● DENOTES FOUND MONUMENT AS NOTED
- ✤ DENOTES FOUND LAKE COUNTY BRASS CAP AS NOTED
- ■ DENOTES SET 1/2" REBAR WITH CAP PLS 6106
- ○ DENOTES CALCULATED POSITION
- (R1) DENOTES DATA PER 49 R.S. 16, 17
- (R2) DENOTES DATA PER 10 R.S. 15
- (R3) DENOTES DATA PER 33 R.S. 8
- (R4) DENOTES DATA PER 20 P.M. 39

SURVEYOR'S STATEMENT

THIS MAP CORRECTLY REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE REQUIREMENTS OF THE PROFESSIONAL LAND SURVEYORS ACT AT THE REQUEST OF THE CITY OF LAKEPORT IN DECEMBER 2010.

GEORGE J. NYSTROM P.L.S. 6106

COUNTY SURVEYOR'S STATEMENT

THIS MAP HAS BEEN EXAMINED IN ACCORDANCE WITH SECTION 8726 OF THE PROFESSIONAL LAND SURVEYOR'S ACT THIS _____ DAY OF _____, 2012.

GORDON M. HAGLITT COUNTY SURVEYOR P.L.S. 6552

COUNTY RECORDER'S STATEMENT

FILED THIS DAY OF 2012
AT M. IN BOOK OF RECORD OF SURVEYS,
AT PAGE AT THE REQUEST OF GEORGE J. NYSTROM.

DOUGLAS W. WAGNER
LAKE COUNTY ASSESSOR-RECORDER

FEE $

FILE NO. BY

RUZICKA ASSOCIATES
CONSULTING ENGINEERS
CIVIL ENGINEERING PLANNING SURVEYING
P.O. BOX 1189 2495 PARALLEL DRIVE
LAKEPORT, CA 95453 (707) 263-5155
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10-7553

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